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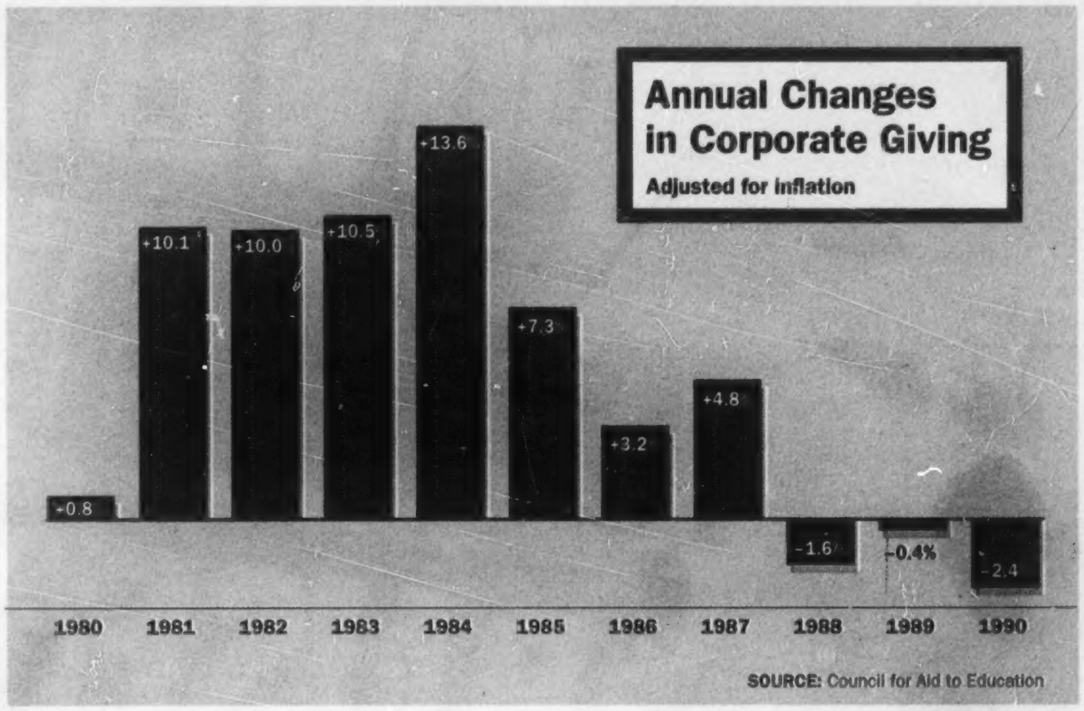
CORPORATE GIVING: STILL STALLED

Inflation outpaced company gifts for the third straight year; little change is expected for 1991; school donations show big gains



SOURCE: Council for Aid to Education

By JENNIFER MOORE

CORPORATE GIFTS to charitable causes rose by 2.4 per cent in 1990, the third year in a row that donations failed to keep pace with inflation, according to the Council for Aid to Education.

Businesses increased their contributions to charities of all kinds from $5.86-billion in 1989 to $6-billion last year, the council said. Last year's inflation rate was 5.4 per cent, according to the U.S. Department of Labor.

The estimates for total corporate giving in 1990 were based on the results of a survey of 339 companies conducted by the council and the Conference Board. The participating companies reported total donations of $1.9-billion last year.

David R. Morgan, the council's vice-president for research, said the small growth in corporate donations over the past few years was a natural progression from the double-digit increases in the early 1980's. He predicted that giving in 1991 would probably repeat the pattern of little or no growth.

"If you look over the long haul, philanthropy in general follows the gross national product, so until the economy grows, I don't see contributions doing a lot," he said. "If corporate contributions can keep pace with inflation for however long it takes to get the economy moving forward, that would be an achievement."

2% Growth 'May Look Discouraging' to Charities

Peter B. Goldberg, president of the Prudential Foundation, said that given the state of the economy, corporations had done well simply to keep their giving steady. But he added: "Obviously non-profits are facing significant financial needs. If we look through their eyes, a 2-per-cent growth may look discouraging, and we have to be sensitive to that."

The largest share of last year's corporate contributions—$2.4-billion, or 40 per cent—went to education.

While the council does not estimate an overall figure to show how much was given to other types of non-profits, the companies surveyed by the council gave 30.2 per cent of their contributions to health and human-service groups, 13.1 per cent to arts and cultural organizations, 12.6 per cent to civic and community groups, and 3.1 per cent to groups classified as "other," which included support of patriotic activities and special events, such as the Olympics.

The share of pre-tax income that companies gave to charity rose slightly, even though corporate profits lagged. Companies donated 1.96 per cent of their pre-tax income, an increase from 1.91 per cent in 1989. Businesses had pre-tax income of $305-billion last year, compared to $308-billion in 1989.

More corporate gifts were in cash in 1990 than in 1989. Cash contributions made up 88.5 per cent of total donations by companies participating in the survey, compared to 84 per cent in 1989. Company products accounted for 9 per cent of last year's donations, while 2.5 per cent was given in the form of other non-cash gifts.

The council's estimates showed a substantial increase in gifts for elementary and secondary education, reflecting recent interest by corporations in public-school reform and continuing a pattern of the last several years. Corporate donations for pre-college education have more than doubled since 1986, compared to a 17-per-cent increase in overall corporate giving.

In 1990, donations for pre-college education rose

Continued on Page 10

Corporations are more generous than you think. My View: Page 36.

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Property From Failed Thrifts
Lorraine Prevost (*above*) works with a New Orleans non-profit that is one of many that have obtained property once owned by failed savings and loans and turned it to charitable uses. Story on Page 29.

Tax-Break Extension Unlikely
A special one-year tax break for gifts of some kinds of appreciated property has produced an expected boom in gifts of art. But the provision appears unlikely to be extended this year. Story on Page 21.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 1

About Fund Raising

20 Controversial fund-raising techniques can often get charities in trouble with environmentalists, women's groups, and animal-rights advocates.

21 A one-year tax break has produced the expected bonanza in gifts of art by wealthy people, but chances that the provision will be extended this year are slim.

22 Congress approved an increase in non-profit third-class postal rates for pieces larger than letters. No date has been set for the increase.

23 Increased efforts to get planned gifts, and better management of those funds, may be the best way for charities to cope with difficult times, some fund raisers say.

24 The National Easter Seal Society and the American Lung Association have settled their court battle over trademarks.

24 Street beggars are entitled to the same constitutional protections as fund raisers, a federal judge in San Francisco has ruled.

24 A Utah county is being sued for refusing to let a non–United Way federation of charities solicit donations from employees.

24 The American Society for the Prevention of Cruelty to Animals is raising money and gaining increased visibility with special checks (Ideas).

24 Officials of four corporations skipped their usual dinner to celebrate the issuing of a bond and gave the money to charity (Ideas).

36 Congress and the Internal Revenue Service should take action to end deceptive direct-mail fund raising, says commentator Denison Hatch (My View).

22 Update on campaigns for endowments and capital improvements.

23 Interest rates for planned gifts issued by the Internal Revenue Service.

About Foundations

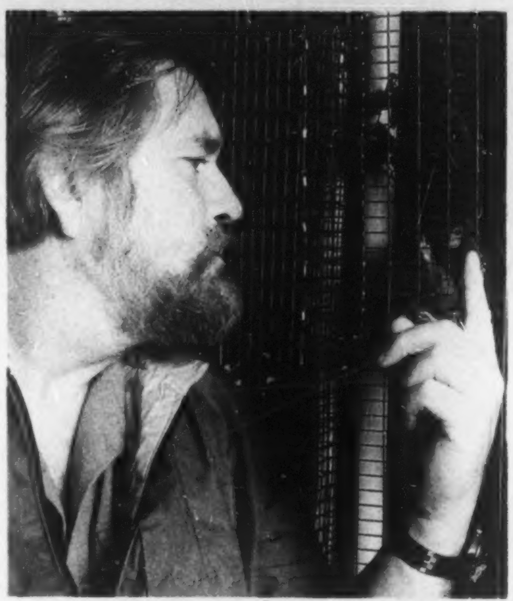
7 Some foundations are looking at ways to support grassroots campaigns to shift federal spending from defense to domestic needs.

12 Two groups affiliated with the Council on Foundations will move meetings out of Miami next year to protest alleged racial discrimination, but the council itself was unlikely to relocate its annual convention.

22 United Way of America is urging its local affiliates to let community foundations manage United Way endowments. The move is seen as a continuing effort to encourage cooperation between the two types of organization.

8 Two Michigan foundations are joining forces to help non-profits in that state build endowments.

24 A Wisconsin community foundation recruited board members by putting an ad in a local newspaper (Ideas).



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Federal surplus: bonanza for non-profits 28

About International Philanthropy

12 Leaders of voluntary organizations around the world will meet next month to discuss the creation of an international coalition of non-profits and foundations.

9 Violence in Peru has prompted World Vision to shut down its operations in that country.

About Corporations

1 Corporations gave away a larger proportion of their pre-tax profits in 1990, but their donations still failed to keep pace with inflation.

12 In difficult times, companies should adopt "a more focused, strategic approach to giving," one corporate leader told the annual meeting of Independent Sector.

8 The AT&T Foundation has announced a new program to help museums both show and acquire contemporary art.

34 More companies are giving to school-reform efforts, according to a survey by *Fortune* magazine (Press Clippings).

37 U.S. corporations are more generous than most people think, says commentator Hayden Smith (Opinion).

Of Special Interest to Board Members

20 **Keeping board members apprised of plans for fund-raising events can help keep charities out of potential controversy, say officials of some groups that have dealt with the problem.**

21 **Trustees of museums have taken a leading role in writing to members of Congress to urge extension of a one-year tax break for gifts of appreciated property, but chances for victory this year appear slim.**

About Gifts and Giving

12 Leaders of philanthropy, gathered at Independent Sector's annual meeting, said they must work more closely together and with business and government to solve the nation's most pressing problems.

34 More and more wealthy people are promising youngsters to pay their college costs, says *Forbes* magazine. *Forbes* also reports on the story behind Walter Annenberg's gift of his art collection to the Metropolitan Museum of Art (Press Clippings).

8 A new $36-million education fund has been established by a 90-year-old former United Parcel Service executive whose salary was $14,000 when he retired in 1952.

24 Actress Elizabeth Taylor has started a new fund for AIDS patients but says she still supports the American Foundation for AIDS Research, of which she is national chairman.

9 William Gates, III, chairman of Microsoft Corporation, has given the University of Washington $12-million; other recent gifts.

About Managing Non-Profits

28 Surplus federal goods are proving to be a gold mine for non-profits across the country.

29 Many non-profits have obtained property once owned by failed savings and loans to use for charitable purposes.

33 The chief executive of the American Cancer Society has resigned amid reports of friction within the organization.

34 Religious organizations are becoming more sophisticated about recruiting members, says *American Demographics* magazine (Press Clippings).

32 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About Volunteers

6 Americans are generous, but too many of them do charitable work solely because it makes them feel good, says a professor who has written a new book on compassion.

19 People volunteer for reasons that are far more complex than simple altruism, say researchers who study why Americans give their time to charitable causes.

8 Congress has allotted $80-million for two efforts to encourage volunteerism.

8 Points of Light 576 to 586 were named by the Bush Administration.

Correction

An article on the Foundation Center's new yearbook on giving trends (October 8) gave an incorrect figure for the number of new foundations established in the 1980's. Some 6,000 foundations were probably created in the last decade, according to the center.

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Corporate Giving Still Stalled: Inflation Outpaced Company Gifts for Third Year

Continued from Page 1

12.3 per cent, to $264-million, compared to a 2.3-per-cent increase for higher education, which received $1.7-billion. The increase came partly at the expense of giving to other education programs, which dropped 3.3 per cent, to $408-million.

Those changes did not cause much of a shift in the overall distribution of education donations in the council's estimates, however. Colleges and universities received 72 per cent, the same share they had received since 1985. Elementary and secondary education had the smallest share, 11 per cent, although that was a one-percentage-point increase over 1989. The remaining 17 per cent went to other education programs, which include education-related organizations and scholarships and fellowships.

The 326 companies in the council's survey that reported gifts to education gave a somewhat different distribution: 78.1 per cent to higher education, 10.8 per cent to pre-college education, and 11.1 per cent to other education programs.

New Formula

The council used a new formula for estimating the amount of money that corporations donated in 1990. Rather than simply adopting the Internal Revenue Service's method of tracking corporate donations, as it did previously, the council also counted gifts left out of the IRS reports: Money that corporations gave away through their private foundations, excluding money transferred from a corporation to its foundation to build up an endowment.

The council adopted the new approach because it believed that using the IRS figures made it difficult to estimate precisely how much money was being distributed to non-profit organizations in a particular year. What's more, the new formula is intended to make sure that money pledged in one year but actually paid out in the following year is counted in the year it was actually spent, according to Mr. Morgan.

With the new formula, the council's estimates for giving over the past two decades sometimes differ widely from the IRS numbers. In most years since 1980 the council's numbers are higher, but they are lower in earlier years, especially in the 1970's, when companies with high profits transferred large sums to their foundations as reserves for future contributions.

The council predicted that if the IRS's statistical methods had been used to calculate giving, corporate philanthropy in 1990 probably would show no growth from the previous year, holding steady at $5.1-billion. (The actual IRS numbers for 1990 will not be released for at least two years.)

$900-Million Difference

However, the council said that with its new approach, total contributions last year would exceed the expected IRS figure by $900-million. The council predicted that the IRS would leave out $400-million in grants given out through corporate foundations and $500-million from other sources not reported by the IRS.

IBM Leads Giving

In a separate report on corporate contributions by the Taft Group, International Business Machines Corporation continued to tower over other corporate donors, giving $148-million last year. IBM's 9.6-per-cent increase in giving last year provided an even greater gap between it and the second-largest corporate donor, the Hewlett-Packard Company, which gave $76.5-million.

Two new corporations joined the list of the top 10: Philip Morris Companies became the seventh-largest donor with $46.3-million and Johnson & Johnson moved into ninth place with $41.1-million.

Copies of the 1992 edition of the *Corporate Giving Directory* can be ordered for $327 each by calling Taft at (800) 877-8238.

Copies of "Corporate Support of Education, 1990" will be available at the end of next month for $10 each, paid in advance, from the Council for Aid to Education, 51 Madison Avenue, Suite 2200, New York 10010.

Top Company Givers

(dollar figures in millions)

IBM	$148.0
Hewlett-Packard	76.5
General Motors	65.5
AT&T	56.0
Exxon	54.8
General Electric	48.4
Philip Morris	46.3
Ford Motor	44.0
Johnson & Johnson	41.1
Digital Equipment	37.0
Procter & Gamble	36.0
RJR Nabisco	35.0
Du Pont	33.2
3M	32.8
Dayton Hudson	30.7
Merck	28.4
Texaco	30.1
ARCO	26.2
Chevron	25.8
US WEST	25.3

SOURCE: The Taft Group

Corporate Philanthropy in 1990

National Trends

	Contributions to all causes			Contributions to education					
							Percentage distribution		
Year	Reported to IRS	Estimated total contribution	Percentage of pre-tax net income	Total	Percentage of pre-tax net income	Percentage of total contribution	Higher education	Pre-college education	Education-related organizations
1980	$2,359,000,000	$2,172,000,000	0.92%	$825,000,000	0.35%	38%	69%	4%	27%
1981	2,514,000,000	2,668,000,000	1.18	1,014,000,000	0.45	38	69	4	27
1982	2,906,000,000	3,188,000,000	1.88	1,243,000,000	0.73	39	69	4	27
1983	3,627,000,000	3,674,000,000	1.77	1,396,000,000	0.67	38	70	5	26
1984	4,057,000,000	4,325,000,000	1.80	1,643,000,000	0.68	38	71	5	24
1985	4,472,000,000	4,819,000,000	2.15	1,880,000,000	0.84	39	72	6	22
1986	5,180,000,000	5,119,000,000	2.31	2,048,000,000	0.92	40	72	6	22
1987	4,980,000,000	5,490,000,000	1.99	2,141,000,000	0.78	39	72	7	21
1988	4,893,000,000	5,625,000,000	1.78	2,194,000,000	0.69	39	72	9	19
1989*	5,100,000,000	5,864,000,000	1.91	2,345,000,000	0.76	40	72	10	18
1990*	5,100,000,000	6,001,000,000	1.96	2,400,000,000	0.79	40	72	11	17

Where Corporate Contributions Go

(dollar figures in millions)

	1986 370 companies		1987 325 companies		1988 356 companies		1989 333 companies		1990 339 companies	
Education	$718.0	42.9%	$610.1	36.8%	$615.1	38.2%	$705.3	41.3%	$773.4	41.0%
Health and human services	468.6	28.0	450.5	27.2	480.9	29.9	480.2	28.1	569.7	30.2
Culture and art	198.8	11.9	178.6	10.8	183.7	11.4	203.1	11.9	248.2	13.1
Civic and community activities	220.5	13.2	236.1	14.2	212.7	13.2	255.7	15.0	238.2	12.6
Other	68.1	4.1	182.9	11.0	116.1	7.2	64.0	3.7	58.4	3.1
Total allocated	**1,674.0**		**1,658.2**		**1,608.4**		**1,708.3**		**1,887.8**	
Unallocated	**0**		**0**		**37.3**		**111.8**		**203.7**	
Grand total	**$1,674.0**		**$1,658.2**		**$1,645.7**		**$1,820.1**		**$2,091.5**	

Notes: Totals may not add due to rounding.
A single $90-million property gift to Other inflates Other's Percentage of Grand Total in 1987.

Corporate Support of Education by Purpose

	1990 326 companies	
	Amount	% of total
Colleges and universities		
Unrestricted operating, capital, departmental, research, student-aid grants, and grants via consortia	$306,270,000	56.2%
Matching gifts	119,344,000	21.9
Total colleges and universities	425,614,000	78.1
Pre-college education		
Public and private school support and other	50,609,000	9.3
Matching gifts	8,381,000	1.5
Total pre-college education	58,990,000	10.8
Other educational programs		
Education-related organizations	32,671,000	6.0
Scholarships and fellowships	27,915,000	5.1
Total other educational programs	60,586,000	11.1
Total allocated	**$545,190,000**	
Total unallocated	**$228,155,000**	
Grand total	**$773,345,000**	

What Companies Give

Total Contributions
(dollar figures in millions)

	1989		1990	
	Amount	% of total	Amount	% of total
Cash	$1,456.6	84.0%	$1,830.7	88.5%
Securities	11.4	0.7	0.3	0.0
Company products	176.1	10.2	186.8	9.0
Other property	89.7	5.2	51.7	2.5
Total	**$1,733.9**		**$2,069.6**	

SOURCE: Council for Aid to Education

United Way to Urge That Community Foundations Manage Endowments of Local Affiliates

By **JENNIFER MOORE**

INDIANAPOLIS

In the most visible sign to date that United Ways and community foundations want to cooperate rather than compete, United Way of America plans to recommend that local United Ways allow community foundations to manage United Way endowments.

As United Ways have become more active in soliciting big gifts to build endowments and community foundations have multiplied and expanded their fund-raising efforts, the potential for competition between the two types of organizations has intensified. Both raise money in specific geographic areas. In the past, United Ways sought donations mainly for immediate local needs, while community foundations raised money to develop endowments and often manage many different endowed funds.

Better Use of Resources

United Way of America expects to send information on the recommendation to its members this month. Over 60 United Ways already allow community foundations to manage at least part of their endowments.

Ronald A. Brown, director of planned giving and endowments for United Way of America, said the recommendation was made to encourage better use of limited resources. He said that allowing community foundations to manage United Way endowments would offer several benefits, including:

- Making it possible to bring in more planned gifts—contributions that provide tax or financial benefits to donors—from people who feel more comfortable having their money managed by a community foundation. Many donors do not perceive United Way as an experienced manager of such gifts.
- Preventing a United Way from using the principal from its endowment to make up for low donations during an annual campaign.
- Removing endowment money from a United Way's balance sheet, thus preventing criticism that it is "sitting on the money" rather than spending it all on needed services.
- Providing a better return on investments, since community foundations often have more expertise in managing money and have a larger pool of money to invest than do United Ways.
- Paving the way for other cooperative activities, such as fund-raising programs and joint projects, between United Ways and community foundations.

The United Way recommendation resulted from a meeting of a committee of community-foundation officials and United Way leaders convened by the Council on Foundations. The plans developed at that meeting were presented at the annual meeting of community foundations, held here this month.

The committee has decided to begin a drive to educate more people on the benefits of planned giving. The drive will employ publications, courses, and even cooperative fund-raising appeals.

"It's often possible for people who just would not otherwise know how to plan their estate well, or plan their retirement, to save a significant amount on taxes through the vehicle of charitable gifts," said Mr. Brown. "It's my conviction that this possibility will be much more successful if we approach it in the spirit of partnership with community foundations."

The committee has also agreed to be available to mediate disputes between local United Ways and community foundations.

Similarities Cause Problems

In many cities across the country, United Ways and community foundations have a long history of working together. Many have board members in common, and United Ways have been responsible for helping some community foundations get started.

The likenesses between the two groups, however, have also helped fuel the competition.

"Our similarities do at times create conflict, especially when our more subtle distinctions become blurred or are misunderstood by each other's supporters," said Neil M. Belenky, president of the United Way of Greater Greensboro, N.C., and a member of the joint committee.

While United Ways in some cities have been raising money for endowments since the 1920's, most have turned their attention toward planned giving and building an endowment only in the past few years. More United Ways are also exploring ways to offer donors a greater say in determining which charities receive their money, another move that concerns community foundations, which allow contributors to earmark money for particular causes.

Some community foundations also fear that when United Ways offer donors the ability to direct their contributions, many non-profits that have traditionally received a large share of United Way aid will no longer get as much, and might ask community foundations for more help.

Changes in Attitudes

Mr. Belenky said changes in attitudes toward giving have driven changes at United Ways. "The 1990's continue to be an era of rapid decentralization and of general citizen mistrust of their institutions," he said. "It is an era in which donors increasingly view themselves as consumers, wanting and demanding more control in directing their contributions, the number of charities continues to proliferate, and intense competition builds for charitable dollars.

"No organization feels this more dramatically than United Ways, as growing numbers of non-profits target high-net-worth donors and our traditional domain, the workplace."

Those changes have made community foundations nervous.

"The recent, conscious decision of the United Way movement to proceed with endowment-building programs across the U.S. is the No. 1 concern that brings community foundations to the table for dialogue with the United Way," said Paul Verret, president of the St. Paul Foundation and chairman of the joint committee. "They are now active players in a market that we naïvely thought was our own."

Officials of both United Ways and community foundations all agree that they need to work together. Said Mr. Belenky: "If United Ways and foundations are both committed to each other's prosperity, they will work through those issues that hurt each other and try to come up with solutions."

Grant Williams contributed to this article.

United Way Endowments of Over $1 Million

Providence, R.I.*	$55,000,000	Dallas*	$2,018,849
Rochester, N.Y.	45,752,659	Portland, Ore.	2,004,311
Toledo, Ohio	18,548,918	New Orleans*	2,000,000
Chattanooga, Tenn.	11,493,232	Kansas City, Mo.*	1,926,043
Philadelphia	11,419,401	Minneapolis*	1,866,122
Lehigh Valley, Pa.	8,577,660	Duluth, Minn.*	1,765,103
Binghamton, N.Y.	8,404,050	New York*	1,702,794
Baltimore*	8,020,000	Des Moines	1,700,000
Dayton, Ohio*	7,844,859	Cleveland*	1,500,000
Harrisburg, Pa.*	7,443,721	Grand Rapids, Mich.	1,491,105
Santa Barbara, Cal.	7,439,190	Hartford, Conn.*	1,483,000
Cincinnati	6,529,381	White Plains, N.Y.	1,476,422
Detroit*	5,592,923	Racine, Wis.	1,450,000
Clearwater, Fla.	3,571,240	Canton, Ohio	1,395,000
St. Paul*	3,375,013	Las Vegas, Nev.*	1,236,46[illegible]
Sarasota, Fla.	2,432,400	Monmouth, Ill.	1,221,395
Boston	2,402,182	Seattle*	1,187,759
Knoxville, Tenn.	2,373,882	Fort Lauderdale, Fla.	1,119,985
Birmingham, Ala.	2,298,342	Richmond*	1,059,000
Atlanta*	2,243,000	Pittsburgh	1,054,000
San Francisco	2,225,024	Wilkes-Barre, Pa.	1,002,991

* Portion of endowment is held by local community foundation.

Note: Totals are as of December 1990.

SOURCE: United Way of America

Congress Passes Increase in Rates for Mailing Non-Profit 'Flats'

WASHINGTON

Non-profits would have to pay more to send "flats"—mail pieces that are larger than letters—under a bill passed by Congress this month.

The bill, which would increase the cost of mailing each third-class non-profit flat by 2.2 cents, on average, is virtually certain to be signed into law by President Bush.

Congress voted to provide $470-million to the Postal Service to subsidize non-profit mail. The increase in the rate for flats was approved because that amount fell far short of the $649-million that the Postal Service had said was needed to keep non-profit postage rate from rising in fiscal 1992, which began October 1.

The bill stipulates that postage rates for flats would be the only non-profit rates to be raised in 1992, but did not rule out further increases after that. Postal officials have expressed doubts that the new rates for flats will generate enough money to keep non-profit rates stable after 1992.

Non-profits can mail their flats by the piece or by the pound. According to postal officials, the per-piece rate would increase from the current rate of 12.5 cents to 14.6 cents. When mailed by the pound, the rate would rise from 34.1 cents to 39.8 cents per pound, plus an additional per-piece charge of 6.3 cents, up from 5.4 cents.

Postal officials could not say for sure when the new rates for non-profit flats were likely to take effect, but they noted that November 10 was the earliest possible date.

—HOLLY HALL

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Director of Development
United States Equestrian Team, Inc.
Gladstone, New Jersey

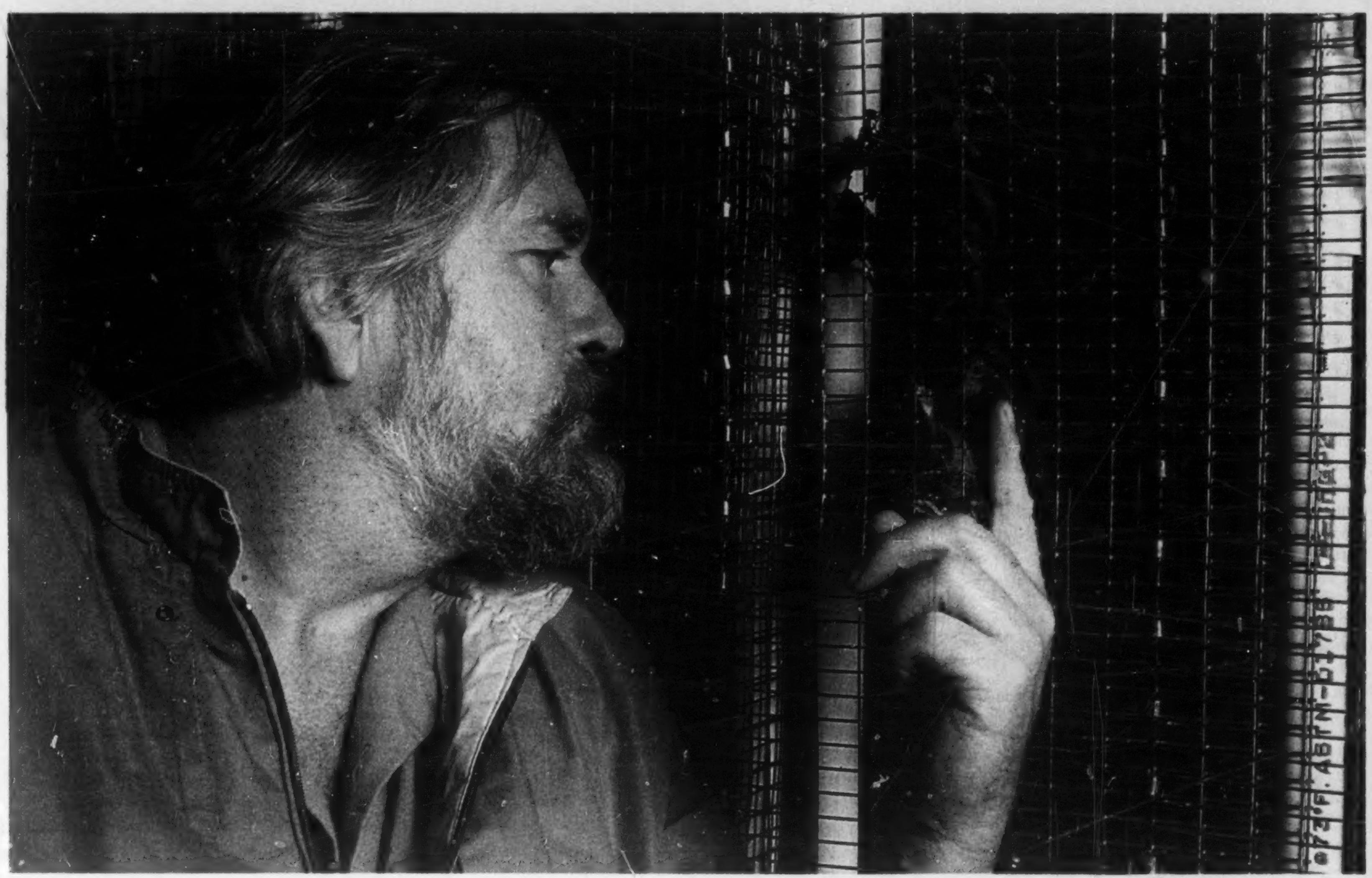
Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
California State University at Sacramento, School of Engineering and Computer Science	Jan. 1989	Oct. 1990	$5,000,000	$5,500,000
Clarkson University (N.Y.)	Oct. 1989	June 1993	41,500,000	43,500,000
Dartmouth College (N.H.)	Oct. 1991	Oct. 1996	425,000,000	128,000,000
Episcopal Academy (Pa.)	Sept. 1990	Sept. 1993	6,400,000	3,600,000
Gettysburg College (Pa.)	Sept. 1991	1994	75,000,000	50,000,000
Glendale Adventist Medical Center (Cal.)	Feb. 1991	May 1992	3,000,000	1,050,000
Harvard Law School (Mass.)	June 1991	June 1995	150,000,000	61,000,000
Manhattan Theatre Club (N.Y.)	May 1991	1995	4,000,000	2,200,000
Pioneer Memorial Hospital (Ore.)	Mar. 1991	May 1991	1,000,000	1,125,000
Recording for the Blind (N.J.)	Oct. 1991	Oct. 1996	30,000,000	13,300,000
Rhode Island Children's Hospital	Summer 1991	Summer 1994	20,000,000	6,200,000
United Negro College Fund (N.Y.)	April 1990	1993	200,000,000	106,000,000
Wayne State University, College of Engineering (Mich.)	Sept. 1991	1992	10,000,000	5,050,000

MANAGING

Governance and Regulation



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Lee Werle of Seattle's Woodland Park Zoo helped get several marmosets from the National Institutes of Health, which no longer needed the animals for research.

Federal Surplus: a Non-Profit Bonanza

The government gave away $500-million last year; charities got everything from monkeys to aircraft

By VINCE STEHLE

SEATTLE

UNCLE SAM'S LEFTOVERS are providing a bonanza for non-profits across the country.

The federal government is by far the largest donor of non-cash contributions to charities. Non-profits have received everything from office equipment and food to helicopters and monkeys, in special programs that distribute goods that the government no longer needs. Last year more than $500-million worth was given away through federal surplus programs, much of it to charities. By comparison, the total value of products donated by over 300 of the nation's leading corporations was $238.5-million last year.

Among the groups that have received donations of surplus federal goods:

► The Vietnam Veterans Workshop in Boston has received beds, food, clothing, and many other supplies that it has used to run its homeless shelter. Last year the group's New England Shelter for Homeless Veterans paid less than $4,000 for more than $50,000 worth of federal goods.

► The Maret School, a private secondary school in Washington, D.C., obtained a John Deere tractor, which it uses to maintain its athletic fields.

► Safe Harbor Boys Home, in Jacksonville, Fla., received a U.S. Coast Guard tugboat, which it has converted into a dormitory for 10 abandoned boys. "It allows us to operate in a cost-effective way," says Robbie W. Smith, executive director of the organization. "To build a building that would house 10 kids would have cost us $500,000." Instead, Safe Harbor, which has a budget of about $100,000 and is run by six volunteers, paid $5,000 for the boat.

► The Santuck (Ala.) Volunteer Fire Department turned a surplus ammunition carrier into a miniature fire truck, which it uses to promote the fire company in parades and at fund-raising events. The fire company paid $250 for the vehicle, which was worth $2,465.

► The University Museum at Indiana University of Pennsylvania got a diamond-studded dagger that had been given to then–Secretary of Defense Caspar W. Weinberger by Sultan Bin Abdul Aziz of Saudi Arabia.

In the last few years, the amount of surplus items given away by the federal government has grown sharply. In 1987, $409-million worth of federal goods were given out; last year that figure reached $513-million.

Many non-profit officials say they are counting on the donations now more than ever, because of the tight economy.

"We rely heavily on the federal surplus-property program," says Maureen Howard, executive director of the Martin Luther King Ecumenical Center, a social-service agency in Tacoma, Wash. "It makes a tremendous difference to not have to secure funds to buy office furniture, for example, diverting them from more important programs."

Last year the center received more than $30,000 worth of supplies from the federal government for $683.

Many types of non-profit organizations, but not all, are eligible to receive donations of federal property, which is distributed through state governments. Among those that are eligible:

► Education groups, including schools, colleges, museums, public radio and television stations, and libraries.

► Public-health institutions, including clinics and hospitals.

► Organizations that serve the elderly.

► Non-profits that provide services to the homeless.

► Organizations and institutions designated by the Department of Defense as serving the interests of the armed services. Included among those organizations are the American Red Cross, Big Brothers/Big Sisters of America, the National Ski Patrol System, and the U.S. Olympic Committee.

Washington State Adept at Helping Non-Profits

Here in Washington State, the Martin Luther King Center and a wide range of other public agencies and private groups obtain leftover federal goods through the commodity-redistribution office of the state's Department of General Administration. Although other states give away more federal goods, Washington's property-distribution office is considered to be particularly effective in meeting the needs of non-profit groups. Last year the state distributed nearly $10-million worth of federal property. In the last five years, the total has exceeded $43-million.

At Seattle's Woodland Park Zoo, staff members heard through colleagues at the Smithsonian Institution's National Zoological Park in Washington that the National Institutes of Health, which conducts medical research on animals, had several pygmy marmosets—the smallest monkeys in the world—available to give away. Woodland Park Zoo officials requested the marmosets through the Washington State commodity-redistribution office, and within a few months the animals were in the zoo's collection.

"It was pretty unusual for them to have exotic animals come through the surplus-property program," says Lee Werle, mammal curator for the zoo, where the care of marmosets is a specialty. Nonetheless, "it worked just fine," says Mr. Werle, adding: "I think that because they were a living commodity, things got handled a little more quickly than normal."

The five monkeys are worth $3,500, but the zoo paid only $250 for them. State officials say that the fees charged for federal surplus products usually run between 3 and 10 per cent of the value of the goods, depending upon the cost of transportation, the condition of the goods, and several other factors.

Vocational School Gets Aircraft

Some groups have obtained extremely high-priced equipment from the government. In Tacoma, the Clover Park Vocational Technical School has received several surplus aircraft, including a Sikorsky HH-52A helicopter that had been used originally by the U.S. Coast Guard to conduct air-sea rescue missions.

"It's added considerably to our training program," says William Sollars, director of instructional programs in the transportation department at the school, which graduates more than 50 students from its aircraft-repair program each year. "It's a much more complicated machine than I could have afforded to buy for the students normally."

Clover Park, a state-run institution, this year obtained a Sabreliner jet airplane for its students. "If I had to buy it outright, it would have cost $1.5-million," says Mr. Sollars. "Instead, it cost me $10,000 and took three months to achieve the transfer. There's no way I would

Continued on Page 30

Some Holdings of Failed Savings and Loans Are Being Turned to Charitable Purposes

By HOLLY HALL

THE BIGGEST CRISIS in the history of the U.S. financial system is turning into a boon for many non-profits. As the federal government's Resolution Trust Corporation struggles to unload billions of dollars' worth of real estate seized from failed savings and loans, non-profits are acquiring some of the holdings.

Non-profits are using real estate obtained through the RTC to provide low-income housing and day care for poor families, conduct vocational training and other charitable programs, create habitats for endangered species, protect other land from development, and preserve historically significant buildings.

In many cases, non-profits have been able to obtain the property free or at cut-rate prices. But some charity leaders have complained that it is difficult, if not impossible, to take advantage of the RTC's programs.

Trust-corporation officials, however, say that non-profits need to improve their knowledge of complicated real-estate transactions and their ability to participate in them. They are calling on grant makers to help non-profits take advantage of the opportunity to acquire buildings and land through the bailout of savings and loans. (See story on Page 32.)

"If the Resolution Trust Corporation wants to get top dollar for such properties, the agency should make more of an effort to preserve their condition."

While most of the real estate going to non-profits has been in Texas, where the savings-and-loan crisis first surfaced, thousands of other properties are scattered throughout the country. RTC officials say that much more real estate will become available as thrifts' assets continue to be taken over by the agency, with no end to the crisis in sight.

Restoring a Florida Customs House

Among non-profits' dealings with the RTC:

► The Trust for Public Land, a non-profit conservation group, bought the 100-year-old Key West Customs House in Florida from the RTC for $1.1-million. The trust is holding the customs house in stewardship until the state can purchase the building, which will be turned into a museum. In the meantime, another non-profit, the Key West Arts and Historical Society, is kicking off a fund-raising drive next month to help raise the $3-million to $4-million needed to restore the building.

► The Nature Conservancy, which raises money to purchase and protect land from development, is buying 10,000 wooded acres near Austin, Tex., for $15.5-million. The land will be turned into a preserve for golden-cheeked warblers, Tooth Cave pseudoscorpions, and various plants and bugs—all of which are on the federal endangered-species list. The Nature Conservancy is also negotiating with the RTC to purchase 400 acres in coastal North Carolina. The tract includes dunes, wetlands, and some of the last remaining maritime forest areas in the country.

► Four-County Community Services, a non-profit in Laurinburg, N.C., that provides services to the homeless, purchased three houses from the RTC for $9,600. The group plans to use the houses to provide transitional shelter to three homeless families for up to 18 months. The houses need an estimated $25,000 worth of rehabilitation, but the group has persuaded businesses and local residents to donate wiring, plumbing, and other repairs, as well as furnishings.

► The RTC gave a 29-unit apartment complex and a house to the National Council of Negro Women in New Orleans. Lorraine Prevost, director of the council's Adolescent Mothers Initiative Program, says the buildings will be used for transitional housing and a day-care facility for homeless teen-age mothers and their babies. The group had hoped to open the facilities by the first of the year, but won't be able to do so because it first must raise money for unanticipated repairs to the buildings.

Non-profit officials say the RTC should do a better job of identifying and maintaining properties

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Lorraine Prevost of the National Council of Negro Women in New Orleans is leading an effort to turn buildings donated by the Resolution Trust Corporation into a day-care center for teen-age mothers.

FLORIDA TIMES-UNION

Robbie W. Smith and Douglas Smith, of Safe Harbor Boys Home in Florida, converted this U.S. Coast Guard tugboat into a dormitory.

Many Non-Profits Find a Bonanza in Surplus Government Goods

Continued from Page 29

have been able to get these aircraft to train my students otherwise."

While some of the donated federal property is very rare, like the monkeys, or very valuable, like the aircraft, most transactions are more routine, covering ordinary commodities used by public and private social-service agencies.

Good Value for Non-Profits

The Martin Luther King Ecumenical Center in Tacoma uses federal surplus goods to meet a variety of day-to-day needs. The center, which operates emergency shelters, transitional-housing facilities, children's day-care programs, clothing-distribution programs, and many other services, regularly receives military clothing, surplus food, and even office furniture from federal offices to help cut its cost of operations.

Ms. Howard says that donated federal materials can provide good value for non-profit groups. "Usually, the military clothing is pretty good quality—the boots and the parkas and so on," she says.

When the goods are not top quality, the commodity-redistribution office is the first to say so, according to Ms. Howard. "They're pretty good about telling you if it's new and hasn't even been opened yet," she says.

In many cases, government surplus goods, especially heavy equipment and vehicles, are well-worn. But, frequently, surplus materials, including perishable foodstuffs and clothing, have never been used because government agencies ordered more than they needed.

In a crisis, surplus goods can even be obtained quickly, says Ms. Howard.

Last winter the Puget Sound area was hit with two rare arctic storms, dropping temperatures well below freezing. "We don't normally have to worry about gloves and hats for our guys, but it was frighteningly cold," she recalls.

Within a couple of days the state office provided a full range of federal surplus cold-weather gear to help the homeless survive the storm.

"They gave us all the gloves, all the wool trousers, all the coats and hats, and all the sleeping bags they had," says Ms. Howard. "In all, $7,400 worth of stuff cost us 73 bucks."

Because of the success of the federal surplus-property program,

Donations of Surplus Federal Goods

Donations by State and Region, 1990

Region 1	$17,819,808
Connecticut	2,327,553
Maine	2,675,281
Massachusetts	6,965,241
New Hampshire	2,324,390
Rhode Island	2,850,395
Vermont	676,948

Region 2	$12,478,973
New Jersey	2,309,741
New York	8,773,168
Puerto Rico	1,271,064
Virgin Islands	125,000

Region 3	$25,636,929
Delaware	666,033
Maryland	3,652,035
Pennsylvania	12,960,265
Virginia	4,507,739
West Virginia	3,850,857

Region 4	$70,786,605
Alabama	12,010,139
Florida	9,966,363
Georgia	13,420,819
Kentucky	5,504,021
Mississippi	7,751,173
North Carolina	8,038,017
South Carolina	7,521,646
Tennessee	6,574,427

Region 5	$31,950,007
Illinois	4,529,479
Indiana	951,607
Michigan	8,268,407
Minnesota	4,177,340
Ohio	3,482,752
Wisconsin	10,540,422

Region 6	$27,326,909
Iowa	2,017,079
Kansas	7,166,249
Missouri	15,604,959
Nebraska	2,538,622

Region 7	$48,755,892
Arkansas	5,452,515
Louisiana	7,639,959
New Mexico	4,375,548
Oklahoma	5,150,944
Texas	26,136,926

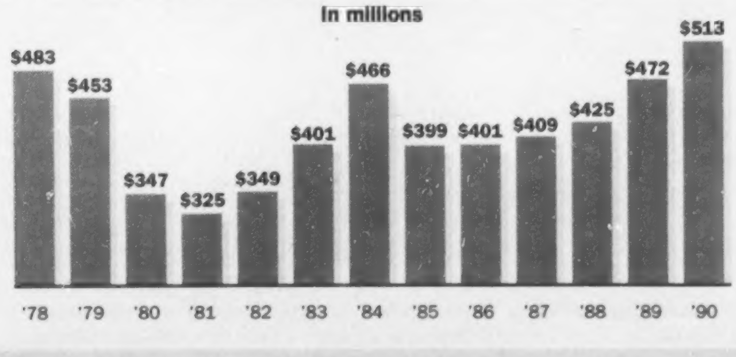
Region 8	$24,081,526
Colorado	3,424,360
Montana	1,166,775
North Dakota	3,403,990
South Dakota	5,943,616
Utah	8,663,084
Wyoming	1,459,701

Region 9	$25,226,333
Arizona	5,254,483
California	15,648,548
Hawaii	766,474
Nevada	1,399,622
American Samoa	695,844
Guam	1,126,551
N. Mariana Islands	344,811

Region 10	$40,784,050
Alaska	1,387,050
Idaho	1,905,704
Oregon	27,936,947
Washington	9,554,242

Nat'l Capital Region	$67,448
District of Columbia	67,448

Donations Year by Year



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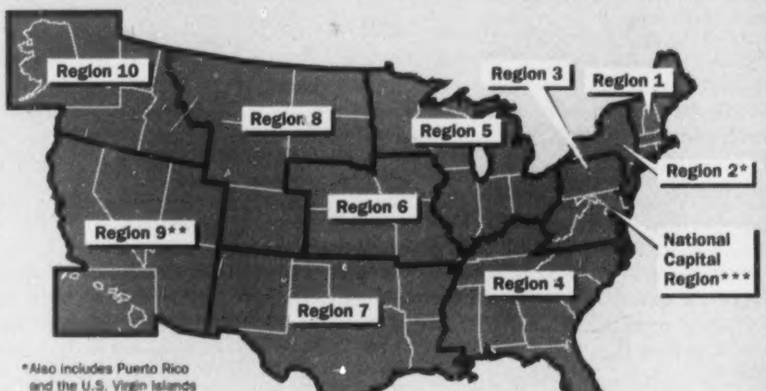
General Services Administration Regions



*Also includes Puerto Rico and the U.S. Virgin Islands

**Also includes American Samoa, Guam, and the Northern Mariana Islands

***Includes the District of Columbia, Montgomery and Prince Georges Counties in Maryland, Arlington, Fairfax, Loudon, and Prince William Counties and the cities of Alexandria and Falls Church in Virginia.

Region 1
G.S.A.
Office of Personal Property
& Services
10 Causeway Street
Boston 02222
(617) 565-7326

Region 2
G.S.A.
Federal Supply Service Bureau
Room 20-112
26 Federal Plaza
New York 10278
(212) 264-3300

Region 3
G.S.A.
Federal Supply Service
Ninth and Market Streets
Philadelphia 19107
(215) 597-7000

Region 4
G.S.A.
Correspondence #4FBPS
401 West Peachtree Street
Atlanta 30365-2550
(404) 331-3058

Region 5
G.S.A.
Federal Surplus Sales
230 South Dearborn Street
Room 3430
Chicago 60604
(312) 353-6064

Region 6
G.S.A.
Property Management Branch
4400 College Boulevard
Suite 175
Overland Park, Kan. 66211
(913) 236-2500

Region 7
G.S.A.
Federal Supply Service
Bureau, 7FB
819 Taylor Street
Fort Worth 76102
(817) 334-4824

Region 8
G.S.A.
Federal Supply Service Bureau
Personal Property Service,
7FBP-8
Building 41-Denver Federal Center
Denver 80225
(303) 236-7705

Region 9
G.S.A.
Property Management Branch
525 Market Street
San Francisco 94105
(415) 744-5228

Region 10
Sales, 9FBP-10F
400 15th Street, S.W.
G.S.A. Center
Auburn, Wash. 98002
(206) 931-7566

National Capital Region
G.S.A.
Federal Surplus Sales
Property Management
7th & D Streets, S.W.
Washington 20407
(202) 708-5051

SOURCE: U.S. General Services Administration

Washington State is also making some of its own surplus goods available to social-service agencies that help the homeless.

While most other states do not give away their own surplus products, all of them have offices to help groups obtain surplus federal property. And some states give away far more federal surplus than others. For example, in fiscal year 1990, Texas distributed $26-million in surplus federal goods, while Vermont gave away $677,000.

Such differences have to do with population and with the efficiency and aggressiveness of state officials in distributing surplus goods.

Could Give Away More

Some non-profit and federal officials think the government could be giving away many more used goods.

In 1990, the federal government identified $5.9-billion worth of surplus goods available for redistribution, but actually disposed of only about a quarter of it: $1-billion worth was transferred between federal agencies, and more than $500-million worth went to the states for distribution to non-profits and public agencies.

"There's a lot of room for improvement, just as there is in any government program," says Stanley M. Duda, director of the General Services Administration's property-management division. Still, he says, "The state agencies do a good job of disposing of the property."

Even so, some non-profit officials would like to see the government get more aggressive about giving away its extra products.

"This program is not something that people are made readily aware of," says Peter Marbach, development director at Unity College in Maine. "There is close to $6-billion worth of stuff that should be getting into the hands of non-profit groups that could use it, instead of just collecting dust in some warehouse."

Solar Panels for a College

Mr. Marbach learned that surplus goods were available when he obtained solar panels that had originally been placed atop the White House by President Carter. He got the idea for obtaining the solar panels, which had been removed by President Reagan, after seeing a photograph of them in a magazine. He says the panels were in a federal warehouse collecting dust instead of energy from the sun. Within three weeks of his first call to the General Services Administration, Unity College was given the panels.

Now the panels provide hot water for the college's dining room, just as they once did for the White House dining room. "Not only are they a piece of history, but they're something practical for the college, as well," says Mr. Marbach. The solar panels are particularly appropriate for Unity, he says, because it offers courses on environmental issues and natural-resources management.

"The symbolism of this is of great value," Mr. Marbach says. "It can instill in our students a sense of renewed commitment to the responsible stewardship of our resources, and it's a great form of recycling."

Charities Get Some Holdings of Failed Thrifts

Continued from Page 29

that have an environmental and historical value.

While the RTC has begun to note important environmental properties on its inventories, some historical groups say that the way the RTC lists the available properties makes it nearly impossible to tell if any are historically significant.

In addition, the groups say the corporation isn't doing enough to prevent damage to historic buildings. "If the RTC wants to get top dollar for such properties, the agency should make more of an effort to preserve their condition," says Michelle Westover, a legislative assistant at the National Trust for Historic Preservation.

The Fort Stockton Hotel in Texas, says Ms. Westover, is one historical building that was ruined when it languished for two years without a roof after being taken over by the RTC.

Stephen Allen, director of the RTC's Affordable Housing Disposition Program, says: "If we took care of every piece of property, the costs would be unbelievable."

Ms. Westover and other officials are pressing Congress to order the RTC to restrict initial bids on properties with historical and environmental value to non-profit and public agencies that agree to preserve them. Congressional aides said lawmakers are likely to consider the matter before year's end.

Most Property Used for Housing

The majority of the real estate obtained by non-profits is being used for housing. The RTC has a special program aimed at making sure that certain properties are sold or donated to groups that provide low-cost housing.

As of July, the RTC's Affordable Housing Disposition Program had sold 10,720 houses and more than 12,000 apartments in 111 developments.

Non-profits that obtain such properties must use all of the houses and at least 35 per cent of the apartment buildings for low-income housing or to provide services to poor people; the rest can be used for other purposes.

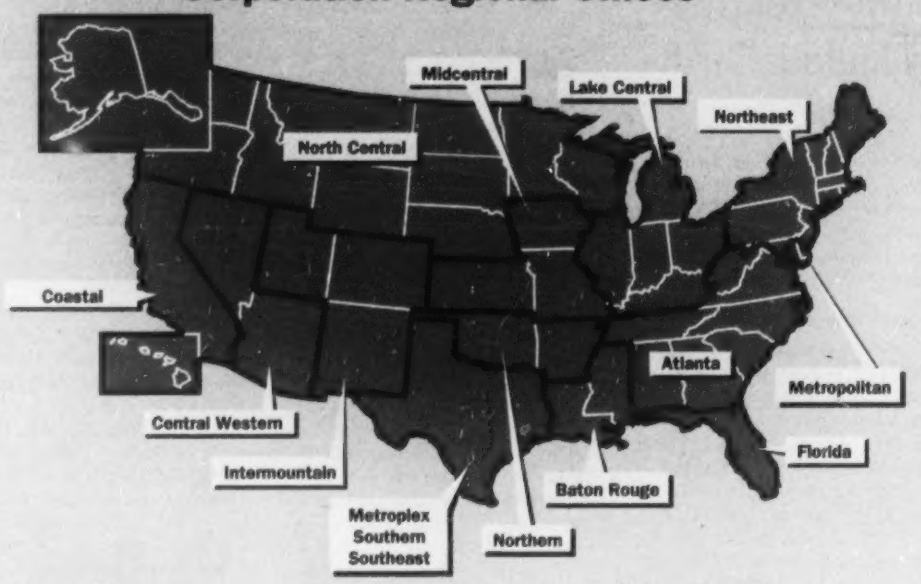
Currently, the RTC's stock of potential low-income housing for sale consists of about 21,000 single-family houses and 500 apartment buildings.

In addition, the RTC has set aside roughly 1,000 properties for donation to non-profit and public agencies that want to use the houses or apartments to provide low-income housing or services such as day care for poor and middle-income families. More than 500 of those have already been given away.

Mixed Reviews From Non-Profits

Non-profits that have purchased or received real estate for low-income housing give mixed reviews to the RTC for its handling of the transactions.

Housing Specialists in Resolution Trust Corporation Regional Offices



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(800) 456-5382

Southeast
Laurel Powers
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(800) 782-4221

Southern
Earline Jewett Wakefield
San Antonio
(800) 388-4254

SOURCE: Resolution Trust Corporation

The Galveston Historical Foundation in Texas, for example, was happy to get Rainbow Row, four two-story Victorian houses built at the turn of the century. Because it would have cost the federal government $40,000 to tear down the houses, the RTC was only too glad to turn them over free to the foundation for renovation and subsequent sale to low-income families. The foundation ended up spending $200,000 on renovations, $68,000 of which came from government grants and private donations.

"It's a win-win situation," says Dee Dee Hammer, the founda-

Continued on Page 32

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-Richard Phillips, President, Florida Baptist Family Ministries

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OPINION

Commentary and Letters

How to Clean Up Direct-Mail Fund Raising

By DENISON HATCH

MANY OF THE charitable organizations that raise money through the mails are deceiving the public. Based on my analysis of the thousands of fund-raising solicitations sent out each month, I would estimate that between 25 to 40 per cent of the mailings are from groups that have different agendas from the ones they profess to have. That agenda seems to be making money for other programs and people, and not for the causes described in the mailings.

Both Congress and the Internal Revenue Service need to take action to help eliminate irresponsible and fraudulent mailings. One sure-fire way to clean up direct-mail solicitations is to expand the amount of information charities are required to report to the IRS on their informational tax returns, known as Form 990's. In addition, the service should step up efforts to make sure charities are filling out the forms accurately. Recent studies and comments from federal and state regulators indicate that many nonprofits do a sloppy job of filling out the 990 and often leave out information they are required to provide by law. At a minimum, charities should be required to list on the 990:

► Specific details about the sources of their revenues, as well as the amount they earn by renting their mailing lists.

► The dollar amount and percentage of revenue actually spent on charitable programs. While organizations are already required to put those figures on the Form 990, they often include "informational" or "educational" activities in their calculation of how much they spend on programs. In reality, these educational or informational programs are simply fund-raising efforts that give a little information, but whose main thrust is to ask for money.

Federal law should stipulate that if more than 3 per cent of a mailing, advertisement, or telephone effort is devoted to asking for money, then the entire effort must be listed as going for fund-raising purposes only, even though some of it may impart education, information, or advocacy.

► Detailed descriptions of the charitable programs supported by contributions.

During the period when elephants were being decimated in Kenya for their ivory—and there was massive publicity about the tragedy—many wildlife groups began sending out mailings seeking donations to "save the elephants." In fact, many of these groups had no programs in place to save elephants, not even one lobbyist in Washington. The only charitable programs they ran were to "educate" people that elephants were an endangered species. Would a donor who gave money to one of these spurious charities that claimed to be saving elephants then turn around a day later and give to the African Wildlife Foundation or Wildlife Conservation International—two organizations that had staff members in the field and were on the firing line throughout Africa? It's doubtful. What was happening then was this: These fake promotions to save the elephants were stealing money away from the cause they were nominally espousing.

MY VIEW

A sure-fire way to clean up direct-mail solicitations is to expand the amount of information charities are required to report to the IRS on their informational tax returns.

LETTERS

The Real Way for Philanthropy to Be Progressive

TO THE EDITOR:

In his call for a new "politics of generativity" to supplant the supposed "politics of greed and selfishness" of "the last decade," Robert Bellah ("Non-Profits and the New Progressivism," My View, September 24) argues that "a variety of public-private partnerships" combining "activist citizenship" and "an activist state" would help Americans move away from their alleged competitiveness, materialism, and "self-absorption" toward a concern for future generations, "other people, and the planet itself."

Bellah does not, however, address the incongruity of so-called "partnerships" which combine voluntary assistance and mandatory (taxpayer) financing; nor the problem of government officials whose interests often lie in expanding their political authority over such programs; nor evidence indicating that when government assumes formerly private and charitable responsibilities, self-responsibility declines and voluntarism is "crowded out."

Bellah says a generative politics would be "backed by major commitments of money and expertise . . . at the federal and state levels . . . in the service of local and regional institutions and programs." But is this "new," or basically a reiteration of the many centralized, tried-and-failed government programs of the last 25 years?

Bellah seems to imply that the economic freedom Americans enjoy leads to a relative neglect of the less-well-off and indifference to the problems we share. Yet the American experience and a comparison of different societies show that in freer societies, individuals take greater initiative to help the poor and address common concerns. Contrary to Bellah's implication, freedom and economic success dispose individuals toward generosity and concern for their communities.

Rather than collaborating with government programs that have too often proven wasteful, unresponsive, and dependency producing, grant makers should consider initiating and funding autonomous programs which more effectively respond to community concerns, more adequately meet recipients' needs, and allow volunteers to meaningfully express their charitable proclivities. Such an endeavor might also seek ways to help preserve the institutions of free enterprise and limited government that have made Americans the most prosperous and generous people in history.

That would be progressive.

DANIEL T. OLIVER
Research Associate
Capital Research Center
Washington

Gifts to Israel: 2 replies

TO THE EDITOR:

In your September 24 Press Clippings column, "'Reason': Gifts to Israel Have Little Effect," you quote several passages from Barry Chamish's article "Giving 'Til It Hurts,"

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SECOND THOUGHTS ABOUT DEBT SWAPS

Deals that support development in third-world countries are used by many American non-profits, but some groups have doubts

GREGORY MILLER, THE NATURE CONSERVANCY

Debt swaps are being used to help preserve rain forests like this one in the Cayambe Coca Ecological Reserve in Ecuador, but some critics are raising new questions about the technique.

By STEPHEN G. GREENE

WHEN THE FIRST "debt-for-development swaps" were made a decade ago, proponents hailed them as an ingenious new mechanism to help developing countries make needed social improvements while conserving scarce hard-currency reserves and chipping away at their foreign-debt burden. Now some non-profit leaders are beginning to wonder whether the deals are such a good idea.

In the swaps, American non-profits buy foreign debt at a discount and use it to finance projects in the debtor country. U.S. non-profits as varied as Africare, Harvard University, the Nature Conservancy, Save the Children, and World Vision International have used debt conversions to help finance programs ranging from agriculture, educational scholarships, and family planning to nutrition, scientific research, and preservation of biological diversity in developing countries around the world. The participating countries range from Bolivia to Bhutan, Poland to the Philippines, but most are in Africa and Latin America.

Non-profits that promote such debt conversions see themselves standing at the threshold of an exciting era. They expect the relatively small number and scale of the transactions so far—estimated to total somewhat more than $300-million, according to the Debt-for-Development Coalition—to be dwarfed by a succession of bilateral deals negotiated between creditor and debtor nations.

"I think debt swaps are here to stay," says James Nations, vice-president for Latin American programs at Conservation International. "I think they're great as the way to generate money to finance activities and, as they are expanding, they are getting better because we know how to do them better."

Challenge from 'Liberation Theology' Adherents

Yet the growing popularity of debt conversions has generated opposition in some quarters. For several years, some Roman Catholic adherents of "liberation theology" have challenged the justice of forcing impoverished nations to pay significant fractions of their national income to wealthy foreign creditors. More recently, some non-governmental organizations in Latin America have expressed reservations about debt-for-nature swaps in particular and called for a moratorium on future transactions until more comprehensive discussions of the overall debt problem take place.

The thinking at some U.S. non-profits is evolving, as well.

"A lot of folks are having second thoughts" about debt swaps, says Michael Clark, who stepped down this year as president of Friends of the Earth. "Many of us thought they would be a great way to transfer

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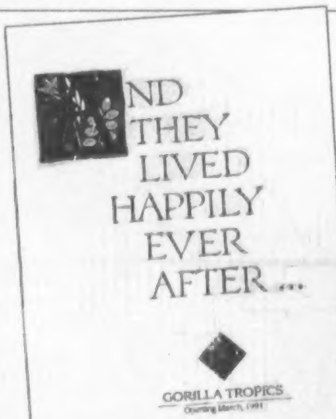

Award-Winning Direct Mail

This direct-mail piece (*above*) for the Zoological Society of San Diego brought in 73 per cent more donations than needed and won a 1991 Echo Award. For more on the winners, see Page 26.

Solution: Make More Money

To survive in the 90's, health and social-service organizations must expand their money-making operations and manage more efficiently, say leaders of some of the nation's biggest charities. Story on Page 31.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Fund Raising

24 Funds created as alternatives to United Way report big increases in on-the-job donations by workers in 1990.

23 As their growth slows, some environmental groups are shifting their fund-raising strategies.

26 Direct-marketing efforts of 17 non-profits won international awards (with a portfolio of some of the winners).

29 Higher postal rates for "flats" mailed by non-profits will take effect November 17.

30 A new Maine fund-raising law is being challenged by non-profit law-enforcement groups.

30 United Way has changed a television commercial after the Mayor of Newark complained about its portrayal of his city.

32 Talk about a tax bill this year has raised new hopes for the possible extension of a tax break for gifts of art (Tax Watch).

30 An anti-smoking group is raising money with a book of children's drawings (Ideas).

41 Fund raisers should stop abusing the English language, says commentator Irving Warner (Opinion).

11 The University of Houston has received $51.4-million and Rockefeller University, $20-million; other recent gifts.

About the Environment

1 Debt-for-nature swaps remain popular, but some U.S. environmental groups are having second thoughts.

23 Many environmental organizations are having to get used to slower growth. To adapt, they're doing more to cultivate their existing donors and turning to new sources of funds.

33 Minority-group activists are calling on traditional environmental groups to pay more attention to their concerns.

About Volunteers

7 Former President Jimmy Carter plans to marshal volunteers, non-profits, government agencies, corporations, and others to battle poverty in Atlanta.

15 Charities must change their approach to recruiting if they hope to continue to attract volunteers, experts say.

30 An organization in Plano, Tex., gives the city a make-believe check each year that shows the value of volunteer efforts to the city (Ideas).

32 Proposed Internal Revenue Service rules would exempt board members and other volunteers from a tax that most of them don't even know they owe (Tax Watch).

10 Cartoon character Michael J. Doonesbury became a "Point o' Lite."

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Philanthropy's gadfly tackles foundations 6

About Managing Non-Profits

31 Health and social-service organizations need to expand their money-making operations if they want to survive the 90's, say leaders of some of the nation's biggest charities.

31 Advocacy organizations pay too little attention to the needs of their employees, says a new report.

36 The executive director of the American Foundation for AIDS Research will leave his post next week.

33 The American Red Cross is decentralizing authority over its 2,700 chapters.

33 An organization that helps the mentally retarded has changed its name.

34 More than 110,000 charities were created from 1987 to 1990.

33 New York City is offering low-cost office space to non-profits to keep them from fleeing the city.

36 Salaries of executives of non-profits in New York City rose 6 per cent in 1990.

Of Special Interest to Board Members

15 **Charities that want to recruit volunteers among minorities were told that they should first make sure that they have some members of those groups on their boards.**

31 **Non-profits need to expand their money-making operations, charity leaders say, but they often encounter resistance from board members.**

32 **The IRS has proposed new rules that would exempt board members from paying taxes on the value of liability insurance taken out for them by non-profits.**

About Grant Makers

6 The National Committee on Responsive Philanthropy is giving renewed attention to corporate grant makers and community foundations.

12 Foundations backed early projects to trade third-world debt for financing of development projects. Now they're looking at the next steps.

16 To combat an isolationist image, the Public Welfare Foundation is changing some of its policies.

16 Unrestricted funds are still the largest share of community foundations' assets, according to a new report from the Council on Foundations.

8 A California foundation will give $56-million for loans to college students.

8 Corporations give too much money to support liberal causes, says a new report from the Capital Research Center.

8 The Dana Foundation has honored six researchers for contributions to health and education.

9 Control Data Corporation has reorganized its giving program.

9 IBM will make grants to colleges for management education.

9 The Lila Wallace–Reader's Digest Fund has a new program to aid theaters.

9 A California real-estate company is under attack for making contributions to local schools contingent on approval of its projects.

40 Foundations interested in the AIDS issue should look at helping employers cope with the disease, says a former foundation official (My View).

Also in This Issue

39 **Books:** Summaries of new books on philanthropy, fund raising, and non-profits.

35 **Regulations:** A schedule of federal rules affecting non-profits to be issued in the months ahead.

35 **Bills:** Legislation in Congress of interest to non-profits.

Corrections

▶ Because of incorrect information supplied by the Council for Aid to Education, an article about the council's new report on corporate giving in 1990 (October 22) inaccurately described the distribution of donations. Civic and community activities received 13.1 per cent of contributions, while arts and culture projects received 12.6 per cent.

▶ A table showing the Foundation Center's breakdown of how grants are distributed (October 8) should have noted that the dollar figures were provided in thousands. Information in that table, as well as data about the country's largest foundations, were based on figures from 1989.

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Debt-for-Development Swaps Gain Popularity but Also Draw Some Doubts

© 1991 BEECIE KUPERSMITH, FOR THE CHRONICLE

George Ann Potter: "If you participate in a debt swap, you are selling your moral authority to speak out on the issue of the debt crisis."

Continued from Page 1

capital from the North to the South, and to leverage resources for environmental conservation. But I think their attractiveness has declined as people know more about them."

Buy Cheap, Sell High

Private foundations underwrote the earliest swaps, and some are now backing projects to promote their use. (See story on Page 12). Later grants have come from a few commercial banks and multinational corporations and from the federal government—primarily the U.S. Agency for International Development. Now, the Bush Administration's Enterprise for the Americas Initiative would extend the concept beyond commercial debt to include sovereign (nation-to-nation) debt as well.

For all their financial sophistication, debt swaps embody a simple principle for American non-profits: Buy cheap in hard currency, sell high in local currency.

That is possible in developing countries that, having accumulated massive external debts to commercial lenders in the United States, find it difficult to pay interest, much less repay the principal, on those loans. Those debts therefore have a value on the secondary market substantially lower than their face value, sometimes trading for as little as 15 cents on the dollar.

Debt swaps take advantage of that disparity. An American non-profit can buy discounted external debt on the secondary market, and exchange it for local currency—either cash or a bond valued at or near the debt's original face value. Proceeds are used to finance projects of interest to the non-profit, to the country's government, and (in most cases) to a local, non-governmental partner.

The swaps' advocates say all parties benefit: The developing country holds on to hard currency that it otherwise would have paid to an overseas bank; the local organization gets additional resources; the bank recovers a portion of its loan and clears its books of the debt; and the American non-profit can realize a significant dividend—buying, for example, the equivalent of $1-million in local currency for an investment of $500,000 to pursue its mission, in a country where commercial debt sells for half its face value.

Such conversions are being used in efforts to help create or strengthen the management of national parks in Bolivia, Costa Rica, Ecuador, and Madagascar; to preserve prime alligator habitats in the Dominican Republic; and to endow the Philippine Foundation for the Environment. Those and similar projects, their advocates say, are playing crucial roles in the battle to preserve the world's biological diversity and to lengthen and improve the lives of some of the world's poorest people.

Participants acknowledge that not all projects have been equally successful. Some of the first debt-for-nature swaps provoked ill will in a number of countries when local residents were left out of the negotiations, or when timber and oil interests were accommodated at what some thought was the expense of the putative preserves.

Proponents of swaps contend that the debt conversion itself is only a financial mechanism and is independent of how well the project itself is conceived and executed. The hard lessons of the early projects, they say, have not gone unheeded.

"Most of the money was staying in La Paz, paying for people in high heels to drive around town," says Mr. Nations of Conservation International's first swap, which was intended to help Bolivians manage the BENI Biosphere Reserve, the first plot of land to be protected by a debt swap. "Now our money goes directly to the indigenous groups and to the park guards on the ground."

Charges of 'Eco-Imperialism'

Still, growing controversy over debt swaps increasingly has divided American non-profits, particularly those doing development or conservation abroad. The wide-ranging debate points to issues likely to be expressed with increasing volume and frequency during preparations for the United Nations Conference on the Environment and Development, scheduled for Rio de Janeiro next June. These include charges of "eco-imperialism" by industrialized countries, challenges to the legitimacy of much external debt, and promotion of a counterbalancing "ecological debt" owed to developing countries by industrialized ones.

Criticism of debt swaps ranges

Some Foundations Back Projects to Promote Use of Debt Conversions

While few American foundations have executed debt conversions themselves, several grant makers played a role in getting the first ones started. Now others are financing projects to promote the use of debt swaps and to evaluate their success—or even using them to support their own grant-making programs.

The Pew Charitable Trusts may soon commission an evaluation of debt swaps, looking at how they have been handled by a variety of organizations in several countries around the world. Many non-profits in the United States have bought debts that foreign governments incurred, in exchange for a promise that the country will take a particular action, such as saving a rain forest. Officials at Pew want to assess to what degree the claims of the promoters and the fears of the detractors appear to be justified, and to determine what use of swaps might be most appropriate.

The John D. and Catherine T. MacArthur Foundation this year committed $300,000 over three years to establish a debt-swap support center in Costa Rica. The center will provide training and technical assistance to people from across Latin America interested in pursuing debt-for-nature transactions. Directed by Alvaro Umaña, Costa Rica's former environment minister, it is based at the Central American Institute for Business Administration in San José.

"It's premature to say that debt swaps are good, bad, or indifferent on the basis of the few experiences so far," says Dan Martin, director for world environment and resources at MacArthur. "The experiences of the early commercial debt swaps don't tell us very much about their potential for the longer term, or how trust funds, designed to generate interest for 30 years and be controlled by people in the countries that incurred the debt, are going to do."

Part of Bush Initiative

Such environmental trust funds would be established as part of the Enterprise for the Americas Initiative being promoted by the Bush Administration as a way to reduce debts owed by Latin American countries to the United States.

In another indication of MacArthur's interest, earlier this year it made grants to support the efforts of three conservation organizations engaged in arranging swaps. Over the next three years, it has committed $150,000 each to the Nature Conservancy and the World Wildlife Fund and $120,000 to Conservation International for their work on debt-for-nature swaps.

The Ford Foundation and the Rockefeller Brothers Fund have provided major support for the Fund for Private Assistance in International Development, which pioneered debt-for-development swaps involving Turkey, Nigeria, and Zambia in the early 1980's. PAID has since helped more than 70 non-profits in the United States and abroad carry out transactions involving the sale and donation of debt or "blocked currency"—funds that multinational corporations own but are barred from removing from a particular country.

Debt-for-nature swaps also got an early boost from the Frank Weeden Foundation, which underwrote the earliest efforts with $100,000 grants to Conservation International, the New York Zoological Society, and the World Wildlife Fund in 1987.

Alan N. Weeden, the foundation's president, said that early participants in the swaps felt that only by demonstrating with private funds that such transactions were feasible could governments be persuaded to replicate the process on a larger scale.

"I'm a little surprised that more use hasn't been made of debt-for-nature swaps by private NGO's [non-governmental organizations]," Mr. Weeden said. "I am also a little disappointed that national governments haven't used them more often in getting environmental moneys down to third-world governments. We all thought it would take off and bring the governments in to do mega-swaps."

Clark to Limit Its Role

The Edna McConnell Clark Foundation has supported studies of how debt swaps might be used to finance health programs in developing countries. For example, the foundation co-sponsored a conference in August on debt-for-development issues, and also financed the work of an international Commission on Health Research for Development that examined the issue.

The Clark fund's own health interests in developing countries focus on three tropical diseases, none of which is endemic in countries with external debt suitable for conversion—so its further participation will probably be limited, says Jeffrey W. Mecaskey, associate for tropical-disease research at the foundation.

The Rockefeller Foundation, by contrast, has used debt swaps to finance its health-science programs in Mexico. This year it bought $1.5-million in Mexican debt for 7.6 billion Mexican pesos—thereby receiving nearly 50 per cent more than it would have obtained in a simple currency conversion.

Ken Browndorf, senior accountant at Rockefeller, notes that the deal took nearly a year to negotiate. In that time the market price of Mexican debt rose substantially. No similar swaps are now in the works, he says.

The Ford Foundation, while it has supported non-profits that negotiate debt swaps, so far has been hesitant to get more directly involved in such transactions—primarily because of its reluctance to become too closely tied to the interests of foreign governments.

"The value to society of a foundation is that it can operate with groups and on subject matters that governments find difficult to deal with," noted Thomas J. Trebat, Ford's regional director for Latin America. "If the mechanics of debt swaps require foreign funders to seek government approval, not only does the foundation lose some of its independence, but society loses an innovative force. It can skew the nature of your grant making toward the safer, more predictable organizations, causing foundations to be more cautious, and possibly less useful to the host country."

—STEPHEN G. GREENE

from the practical to the philosophical.

In practice, such transactions can be complex, and costly to execute—with few guarantees of ultimate success. And as commercial lenders have gained confidence in the economies of many developing countries, the cost of many countries' debts on the secondary market has risen, making debt conversions there less rewarding.

A common reservation is that such transactions, by releasing local currency into a nation's economy, fuel inflation. Citing that fear, central banks in several countries have halted or limited debt conversions—both the far more common debt-equity transactions performed by corporations and the swaps negotiated by non-profits.

Concern Over Skewed Priorities

Some people object that swaps skew a developing country's domestic priorities. Forcing debtor nations to spend scant resources to further the agendas of non-governmental organizations in industrialized countries, they charge, smacks of neo-imperialism.

Indeed, the impression left by some conversions, says Mr. Clark, is that "here are wealthy governments or NGO's putting pressure on southern countries that are strapped for cash to make short-term decisions without looking at the long-term implications."

Some critics see debt conversions as essentially anti-democratic. They often force organizations in a developing country "to take on the agendas of folks trying to catalyze grants from outside the country," says Tani Adams, Greenpeace International's coordinator for Latin America.

Because resources from a debt swap greatly multiply the resources passing through Latin American conservation groups, few of which have budgets anywhere near $1-million, they can upset a delicate balance within a fledgling environmental movement, Ms. Adams says.

"In one country, all of a sudden, a group getting a whole lot of money through debt swaps becomes the major actor, whereas before there was a more even skyline of groups," she says. "The decision about who's the biggest, most powerful group obeys a dynamic operating outside the country."

Who Sits at the Table

Other critics focus on who sits—or does not sit—at the table where the transactions are negotiated. Says Mr. Clark, the former Friends of the Earth president: "We at FOE grew increasingly concerned about the fact that indigenous peoples were often excluded from these deals. We felt it was not appropriate that conservation groups and governments should be negotiating away the rights of those people, who are at the top of the food chain in their ecosystems."

Still others complain that swaps support only mainstream groups whose activities are approved by the government. Many of the most effective groups, which formed in opposition to government policies, are frozen out of the process, they say, and are hard pressed to survive in countries where most for-

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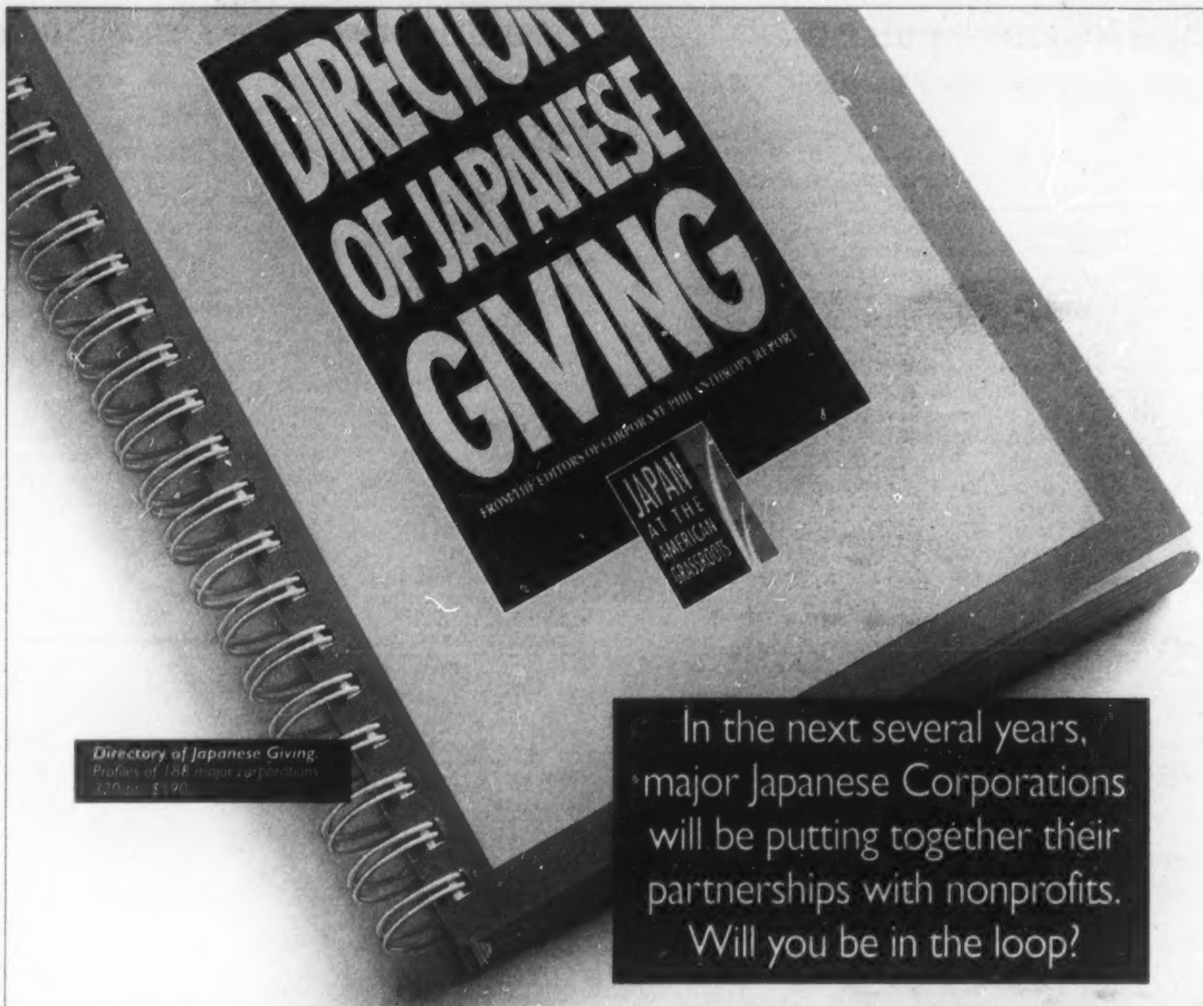
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FROM THE EDITORS OF CORPORATE PHILANTHROPY REPORT
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Profiles of 188 major corporations
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Debt Swaps Gain Popularity but Also Draw Some Doubts

Continued from Page 13

eign environmental support is channeled through debt conversions.

Indeed, those critics charge, debt-for-nature swaps have stanched the flow of hard-currency grants coming into developing countries. Conservation groups that once made outright grants, albeit small ones, for certain projects are now using their money to buy debt from banks in industrialized countries. The diversion of local currency to environmental projects, these critics charge, creates a case of robbing Peter to pay Paul.

Furthermore, participants in debt swaps may forfeit some of their credibility on other topics.

"If you participate in a debt swap, you are selling your moral authority to speak out on the larger issue of the debt crisis," notes George Ann Potter, regional director for Latin America at the School for International Training in Brattleboro, Vt. "We're convinced it's much more damaging to the environment to let this crisis go on," thereby forcing countries to export their natural resources to service their debt while the environment is despoiled in a widening vortex of poverty.

Legitimacy Questioned

More philosophically, some question the legitimacy of the debt itself. They argue that many of the loans went to illegal dictatorial regimes, were used to buy military hardware or for other purposes that did little to enhance popular welfare, and at times entailed usurious interest rates. For those reasons, they contend that such debts in effect have been paid in full.

An increasingly popular argument in Latin America is that any remaining legitimate external debts should be balanced against "ecological debts" incurred by industrialized countries that have exploited third-world natural resources and produced global environmental degradation.

The Declaration of the Andes, which emerged from a meeting of 220 representatives of Latin American non-profits last spring, called for suspension of all debt-for-nature swaps while national and regional policies on debt issues are elaborated. It called further for a suspension of all debt service payments and negotiations until the principle of ecological debt is accepted and the amounts calculated.

Pedro Tarak of Fundación Ambiente y Recursos Naturales (the Environment and Natural Resources Foundation) in Buenos Aires, says his organization, which helped set up the Andes conference, hopes to secure international recognition for the concept of a tradeoff between ecological debt and financial debt, which could be negotiated through an international debt-management authority.

Participants in a recent conference in Brazil organized by IBASE, the Brazilian Institute for Economic and Social Analysis, also took a strong stand against debt-for-nature swaps. Such transactions, they said in a summary statement, are "part of a more general strategy for converting the debt, reaffirming the creditors' political and economic domination over the debtors within a development model which commercializes life in all its aspects."

Says Candido Gryzbowski, executive director of IBASE: "I view debt-for-nature swaps as an inadequate and illegitimate way of approaching the subject of foreign debt. It seems to me that the creditor banks would be the only beneficiaries."

For these reasons, some American development organizations have been hesitant to endorse or participate in debt swaps.

"We'd like to look at a more fundamental issue: the billions of dollars of debt from loans that were made that do not ultimately benefit the poor," says Joel Charny, director of overseas programs for Oxfam America. "In the absence of an overall look at the debt issue, and an overall restructuring and possibly some forgiveness of significant amounts of debt, we didn't feel it was appropriate for Oxfam to participate actively in debt-for-development swaps. By participating in this, you're saying this is legitimate debt."

Pragmatic Solutions

Yet partisans of debt conversions contend that, in an imperfect world, they constitute pragmatic, if partial, solutions to massive multiple problems.

"Official and commercial creditors are never going to forgive all the debt," says Randall K. Curtis, director of conservation finance at the Nature Conservancy. "There will always be a balance—even if it's restructured on more generous terms. If they can take even part of that in local currency, it's better for them—and if it goes through grass-roots groups, that's money they'd never get if the debt were forgiven outright."

What's more, debt transactions can insure a steady source of funds to institutions whose financial support has been tenuous and unpredictable, say supporters.

"One of the tremendous pluses of debt-for-nature swaps is that, if you convert debt to long-term interest-bearing notes, you can introduce stability into places where institutional stability has been absent," notes Thomas E. Lovejoy, Assistant Secretary for external affairs at the Smithsonian Institution, who helped nurture the earliest debt-for-nature swaps. "In Ecuador, the first such swap doubled the budget of the national park service there, and you now have a long-term funding source."

Furthermore, Mr. Lovejoy says, debt conversions have "stimulated creative and entrepreneurial thinking about financing mechanisms in the conservation community," while promoting links between business, government, and conservation groups.

Businessmen in Costa Rica have offered their services to conservation groups, he notes, while conservationists there have gained a greater appreciation for how the country's economic problems affect its natural environment.

"They're learning to speak each other's language," Mr. Curtis observes.

Indeed, some advocates of debt conversions contend that their goal all along was to establish the feasibility for a mechanism that creditor governments could adapt in reducing some bilateral debt.

"In the last couple of years we've shown that debt-for-nature swaps can work," says Jamie Resor, senior program officer at the World Wildlife Fund. Now the fund and other groups are using their experience to promote long-term support for environmental programs in developing countries, through the establishment of environmental trust funds or endowments to provide grants over many years.

They are also encouraging creditor governments to include debt-for-nature or debt-for-development transactions among the options they consider when restructuring their sovereign debt with debtor countries.

"Bilateral debt has become the new frontier in debt swaps," says Mr. Curtis of the Nature Conservancy. "It's a whole new way of distributing U.S. foreign aid."

A Wide Gulf in Views

Clearly, the wide gulf separating the perspectives of critics and advocates of debt swaps will not be easily bridged.

"Not only must the development model be radically modified, but the concept of 'progress' itself has fallen under suspicion," say the signatories of the Andes Declaration. And the IBASE conference participants say debt conversions are a tool for maintaining foreign domination of developing countries.

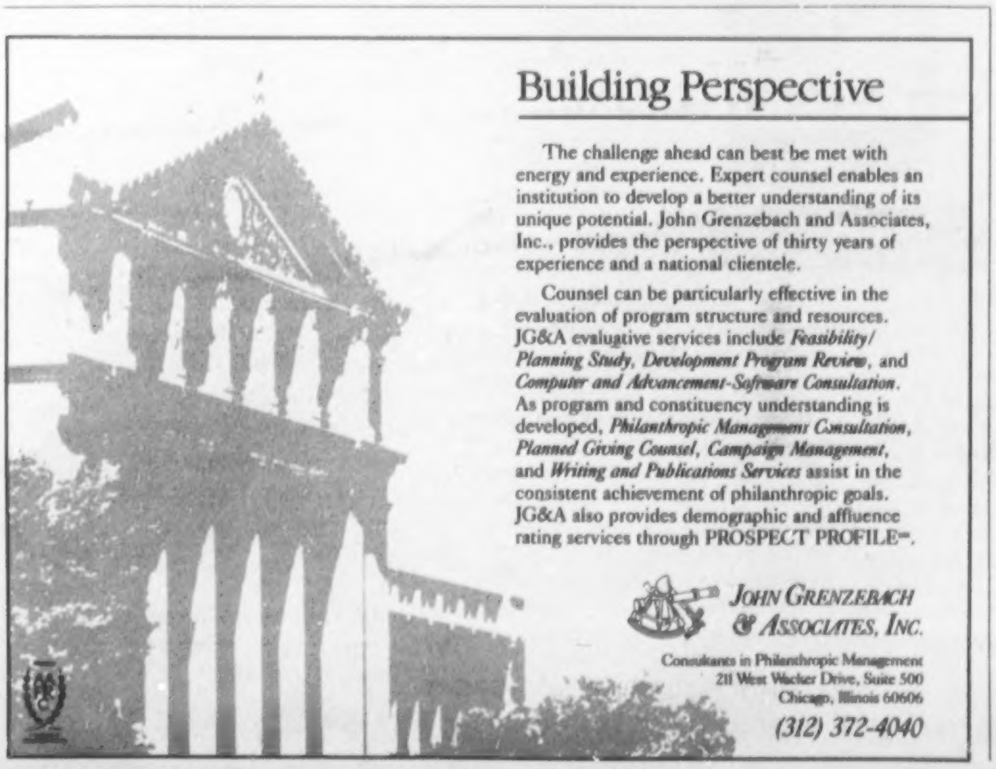
But the Smithsonian's Mr. Lovejoy declares: "The only thing that drives me up the wall, given the urgency and scale of our environmental problems, is when there's a major write-off of debt with no provision for the environment."

Debt-for-Nature Swaps: a Sampling

Date	Country	Purchaser or fund raiser	Cost	Face value of debt	Conservation bonds generated*
January 1991	Costa Rica	Rainforest Alliance, Monteverde Conservation League, The Nature Conservancy	$360,000	$600,000	$540,000
August 1990	Madagascar	World Wildlife Fund	$445,891	$919,363	$919,363
August 1990	Philippines	World Wildlife Fund	$438,750	$900,000	$900,000
March 1990	Costa Rica	Sweden, World Wildlife Fund, The Nature Conservancy	$1,953,474	$10,753,631	$9,602,904
March 1990	Dominican Republic	Puerto Rican Conservation Trust, The Nature Conservancy	$116,400	$582,000	$582,000
January 1990	Poland	World Wildlife Fund	$11,500	$50,000	$50,000
August 1989	Zambia	World Wildlife Fund	$454,000	$2,270,000	$2,270,000
July 1989	Madagascar	World Wildlife Fund	$950,000	$2,111,112	$2,111,112
April 1989	Ecuador	World Wildlife Fund, The Nature Conservancy, Missouri Botanical Garden	$1,068,750	$9,000,000	$9,000,000
April 1989	Costa Rica	Sweden	$3,500,000	$24,500,000	$17,100,000
January 1989	Costa Rica	The Nature Conservancy	$784,000	$5,600,000	$1,680,000
January 1989	Philippines	World Wildlife Fund	$200,000	$390,000	$390,000
July 1988	Costa Rica	Holland	$5,000,000	$33,000,000	$9,900,000
February 1988	Costa Rica	National Parks Foundation of Costa Rica	$918,000	$5,400,000	$4,050,000
December 1987	Ecuador	World Wildlife Fund	$354,000	$1,000,000	$1,000,000
August 1987	Bolivia	Conservation International	$100,000	$650,000	$250,000
Total to Date			**$16,654,765**	**$97,726,106**	**$60,345,379**

* Does not include interest earned over the life of the bonds.

SOURCE: The Nature Conservancy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Welfare Fund Aims to Shed Insular Image

WASHINGTON

The Public Welfare Foundation here is trying to shed an isolationist image by improving collaboration both with its grant recipients and with fellow grant makers.

To that end, the foundation in the past few months has:

► Instituted a toll-free telephone number to make it easier for grantees, many of which are grassroots organizations perpetually strapped for funds, to call program officers at the foundation.

"We're encouraging grantees to be more in touch with us," explained Larry Kressley, who was named acting executive director of the foundation after the abrupt departure in June of C. Glenn Ihrig as the fund's president and executive director. "We're trying to build a stronger sense of ongoing partnership. We don't want to just pay and run."

► Accelerated payments to grant recipients. Mr. Kressley said the foundation was committed to mailing checks within 30 days of grant approval in most cases, and within 60 days in all cases except those involving multi-year commitments or matching funds.

"We have an obligation to get a maximum return on our investments, and we take that seriously," Mr. Kressley said. "But in the final analysis, we're not a bank. Our responsibility is to get the money out to our grantees."

► Eliminated interim reporting requirements for most year-long grants. "It had gotten to be almost routine that grant payments were split and interim reports required, which created a mountain of paperwork for everybody," said Mr. Kressley. Now, except in cases where such reports are deemed appropriate, they are no longer required.

► Rescinded a proscription against paying dues to affinity groups of the Council on Foundations, which had prevented or discouraged foundation staff members from participating in such organizations.

Mr. Kressley, who said the foundation hoped to work more closely with colleagues elsewhere, was himself elected secretary of the National Network of Grantmakers at the group's annual meeting last month in Tarrytown, N.Y.—the first time he had attended such a session in his nine years at the foundation.

► Stepped up site visits to current and potential grant recipients—including those overseas. Mr. Kressley said his visit to Brazil in April, as senior program officer, represented one of the few times a foundation program officer had traveled abroad on official business. More recently, a program officer, Rebecca Davis, traveled to Africa to meet with groups working on population issues—and Mr. Kressley said that he expected such visits to become more routine.

Established in 1947, the Public Welfare Foundation supports organizations that serve low-income or disadvantaged people in the United States and abroad. Its $244-million in assets placed it among the 80 largest American foundations last year, when it made 363 grants totaling $15.4-million in the areas of community support, criminal justice, disadvantaged youth, education, the elderly, environment, health, population, and opposition to crimes of hate or organized bigotry.

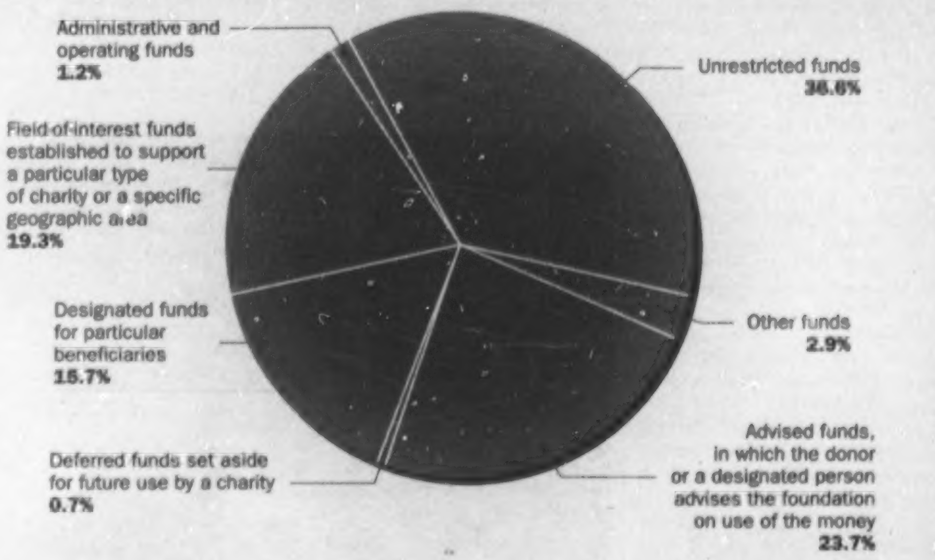
The foundation's board is scheduled to act on suggestions for reorganizing grant-making programs when it meets in January. At that time it is also expected to decide on the scope of a search for a new executive director.

—STEPHEN G. GREENE

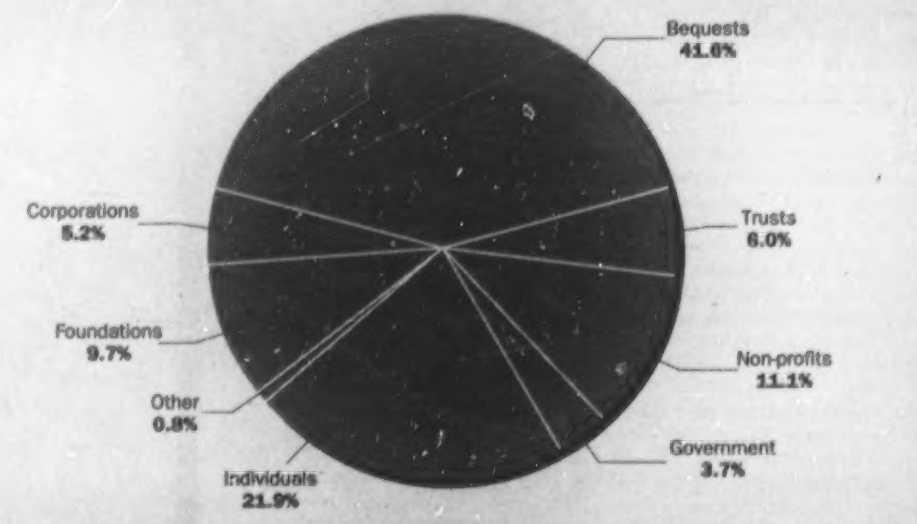
Community Foundations: a Statistical Profile

Community foundations are among the fastest growing foundations in the United States. These foundations raise money in local communites, mostly to create endowments that can be used for charitable purposes. This year the Council on Foundations surveyed community foundations and compiled data based on responses from 196 of the funds. Preliminary data from the survey indicated that the proportion of unrestricted assets had fallen while assets limited to certain fields of interest or recipients had increased. Over all, however, unrestricted funds remained the largest share of the foundations' assets, with 36.6 per cent of the total. Bequests were the largest source of permanent endowment funds held by the foundations, contributing 41.6 per cent. Gifts from living individual donors ranked second, at 21.9 per cent. Human services and education were the leading recipients of grants. The full report of the survey, "Community Foundations in 1991: an Update," will be available from the council in February.

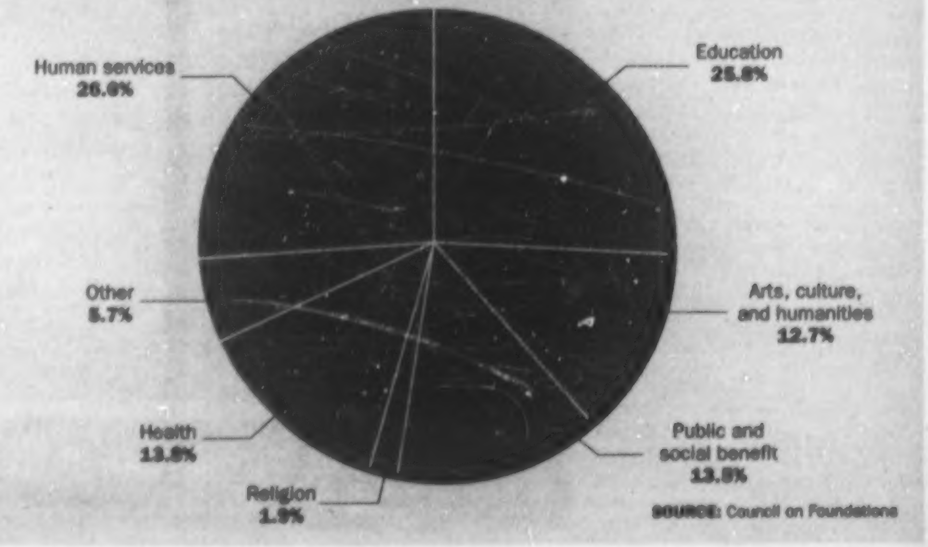
How Assets Are Divided



Sources of Permanent Funds



Where Grants Go



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Alternative On-the-Job Funds Report Big Gains for 1990

Led by coalitions of arts, environmental, and social-service charities, on-the-job giving drives set up as alternatives to United Way posted broad gains in 1990.

According to data compiled by *The Chronicle of Philanthropy* for 48 organizations that conduct on-the-job campaigns, contributions to EarthShare, a coalition of 27 environmental groups formerly known as the Environmental Federation of America, raised more than $6.6-million in 1990, a 26-per-cent increase over 1989.

National/United Service Agencies, a federation of 78 social-service groups, raised 24 per cent more in 1990 than in the previous year. The federation's total on-the-job contributions were $13.2-million, compared to $10.6-million in 1989.

Arts Groups See Increase

The largest increase in on-the-job donations was posted by arts fund-raising federations. According to a study by the American Council for the Arts, contributions to arts fund-raising federations increased by 31 per cent from 1989 to 1990.

Among 25 united arts funds that reported results from on-the-job drives in both years, giving rose from $6.4-million to $8.4-million.

By contrast, the 2,300 local United Ways had a 4.4-per-cent increase from 1989 to 1990. United Ways raised a total of $3.11-billion—the first time they had ever topped $3-billion—but the increase was not enough to match the inflation rate, which was 6.1 per cent in 1990.

Federations that raise money for women's groups posted strong increases in 1990. Total revenues for five federations of women's charities were close to $2-million, a 23-per-cent increase from the 1989 total of $1.6-million.

Total revenues for social-action funds climbed 12 per cent, the survey found. Eighteen social-action funds had revenues totaling $5.8-million. Total revenues in 1989 totaled almost $5.2-million.

Not all the federations of charities recorded substantial increases in 1990. Although only two of eleven Black United Funds reported decreases in 1990 total revenues, the combined total for all Black United Funds grew by less than 1 per cent, to $5-million in 1990.

William Merritt, president of the National Black United Fund, said payroll donations to the funds had continued to increase in 1990, but that some of the funds had lost other revenues, causing the drop.

Despite the sizable increases in 1990, most leaders of on-the-job fund drives were unwilling to make projections for 1991. Several campaign leaders said the economic outlook was too uncertain.

—BRUCE MILLAR
AND CHRISTOPHER OTT

Employee Contributions to Non–United Way Funds

	1989	1990	Percentage increase	Projection for 1991
National Funds				
United Negro College Fund	$13,100,000	$13,500,000	3%	$14,850,000
National Volunteer Health Agencies	37,300,000	38,512,545	3	n/a
National/United Service Agencies	10,600,000	13,180,000	24	14,100,000
International Service Agencies	11,325,699	12,053,504	6	12,300,000
Independent Charities of America	10,400,000	12,430,000	20	14,500,000
EarthShare (formerly Environmental Federation of America)	5,234,290	6,615,414	26	7,484,217
Traditional Local Funds				
United Arts Funds	$6,400,000	$8,400,000	31%	n/a
Combined Health Appeals	15,639,114	16,968,058	8	n/a
Local Independent Agencies	500,000	540,000	8	840,165
Other federations	2,500,000	4,100,000	64	n/a

Total Revenue of Non-Traditional Funds

	1989	1990	Percentage from payroll deduction	Projection for 1991
Black United Funds				
1. Brotherhood Crusade, Los Angeles	$2,139,008	$1,744,788	55%	n/a
2. Black United Fund of New Jersey	725,395	961,458	76	n/a
3. Black United Fund of Michigan	593,131	622,606	74	n/a
4. Bay Area Black United Fund, Oakland, Cal.	376,000	300,278	40	n/a
5. Black United Fund of Oregon	180,000	220,000	100	n/a
6. Black United Fund of Pennsylvania	178,180	215,123	82	n/a
7. Illinois Black United Fund	71,612	128,130	n/a	n/a
8. United Black Community Fund, St. Louis	72,000	81,000	61	$81,000
9. Black United Fund of Houston	151,741	71,993	n/a	n/a
10. Arizona Black United Fund	6,444	9,396	n/a	n/a
Black United Fund of New York	Refused to give information			
National Black United Fund	504,000	672,546	45	501,750
Total	**$4,997,511**	**$5,027,318**		
Environmental Funds				
1. EarthShare	$5,287,162	$6,682,337	99%	$7,484,217
2. Environmental Federation of California	705,345	941,737	90	n/a
3. Environmental Fund of Washington	189,300	215,830	81	n/a
4. Environmental Federation of Oregon	141,000	225,177	93	300,000
Total	**$6,322,807**	**$8,065,081**		
Social-Action Funds				
1. Northwest AIDS Foundation, Seattle	$2,105,256	$2,452,143	6%	3,430,933
2. Cooperating Fund Drive, St. Paul[1]	935,792	925,673	62	n/a
3. Bread and Roses Community Fund, Philadelphia	436,270	382,236	10	360,000
4. Community Shares of Wisconsin[1]	312,801	296,430	86	325,000
5. Fund for Community Progress, Providence, R.I.	293,626	253,901	84	n/a
6. Community Works, Boston	208,725	250,000	n/a	330,000
7. Greater Cleveland Community Shares	136,547	224,739	69	265,000
8. Community Shares, Tennessee	115,666	200,000	51	239,000
9. ACHOICE, Milwaukee	110,000	185,000	97	225,000
10. Massachusetts Foundation for Children	151,313	158,962	75	170,000
11. Community Shares of Colorado	83,531	99,033	54	150,000
12. Enablers/the Caring Connection, Denver[1]	45,000	95,000	100	120,000
13. The Progressive Way, Oakland, Cal.	65,273	83,608	48	100,000
14. Community Services Fund, Lincoln, Neb.[1]	68,223	60,492	100	65,000
15. Access to Community Service, Madison, Wis.	65,000	59,500	100	55,000
16. Community Shares, Alaska[1]	39,267	43,147	100	60,000
17. MaineShare	19,575	31,900	22	n/a
18. Community Shares, Utah	357	14,908	88	n/a
Total	**$5,132,222**	**$5,816,672**		
Women's Funds				
1. Womens Way, Philadelphia[2]	$1,374,231	$1,534,507	27%	$1,750,000
2. Women's Funding Alliance, Seattle[1]	136,840	172,275	78	n/a
3. Colorado Domestic Violence Coalition	80,238	142,693	15	150,000
4. Illinois Women's Funding Federation	—	115,000	n/a	200,000
5. Los Angeles Women's Foundation[3]	7,602	10,414	n/a	n/a
Total	**$1,598,911**	**$1,974,889**		

n/a—not available

[1] Revenue figures are for actual money raised and are adjusted for uncollectible pledges. In other cases, total revenue may include pledges of contributions to be collected in following year.

[2] Net total revenues for fiscal year ending June 30.

[3] Receives all payroll deductions through United Way. Total reflects payment of 10 per cent fee to United Way.

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- Do you have trouble maintaining more than one address for a beneficiary during the year?
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Ecology Groups Face Slowdown in Growth

Continued from Page 23

for all staff members making more than $25,000, and will institute other measures—such as placing visiting out-of-town staff members in private homes rather than paying for hotels—reminiscent of its early years as a low-budget operation.

In another effort to trim costs, *Greenpeace* magazine has been cut from six issues a year to four—and members who don't read it are being asked to weed themselves from the mailing list.

At the National Wildlife Federation, which in January eliminated both its book and school-programs divisions, "we're back on a more even keel, but still very nervous," says John W. Jensen, the federation's vice-president for development. "We clamped down on capital spending and are very cautious with new money."

"We felt that, while it's nice to have large numbers, that was not important for the way we wanted to do business."

By dismissing 56 workers in January and not filling 54 additional jobs, the federation was able to meet its revised budget of some $90-million, says Stephanie C. Sklar, vice-president for public affairs.

"We're now proceeding with our programs, filling positions as they become vacant, and getting on with business," she says.

At the Sierra Club, where about 15 jobs were abolished this year, "we want to believe we've seen the bottom, but we aren't sure," says Joanne Hurley, director of public affairs. The group had hoped to raise some $43-million this year, but is likely to raise only slightly more than the $40.6-million it raised last year, she says.

The Wilderness Society is projecting a budget with little or no growth next year, and—after cutting several jobs this year—expects to employ the same number of people a year from now as it did a year ago.

Some Prosper

Other major groups are feeling less of a pinch.

The Environmental Defense Fund, whose market-oriented solutions to environmental problems have found favor within the Bush Administration and in some corporate board rooms, projects total revenue of $20.8-million next year compared with some $17.7-million this year—an anticipated increase of 17.5 per cent.

"We see broad growth in all our key areas—individual members, major gifts, and foundations," says Adam C. Stern, deputy director for operations. "We have a loyal group of supporters that continues to grow." The fund is actively seeking corporate partners for joint-marketing ventures, such as a recent effort in which McDonald's distributed coloring books focusing on rain forests.

With the projected additional resources, the fund is planning to add 15 staff members and to expand both its New York City headquarters and its Washington office—into which its Richmond, Va., office will be consolidated.

The organization is also nearing the end of a three-year, $7.5-million endowment campaign, which Mr. Stern says is expected to reach its goal by year's end.

The Natural Resources Defense Council raised $6.25-million in its own successful capital campaign to help pay for its new New York City headquarters, says Mr. Murray, its development director.

The organization expects a 5-per-cent increase in revenue this year over 1990—far short of the 20-per-cent annual pace during the previous five years, but in line with budget predictions, says Mr. Murray. Although salary increases have averaged only about 1 per cent, he noted, several new staff members have joined the council.

Some smaller groups continue to expand rapidly. The Union of Concerned Scientists raised just over $4-million this year—22 per cent more than in 1990, says its development director, Bob Bland. The number of small gifts from individuals increased by 10 per cent and major gifts rose 13 per cent, but foundation grants nearly doubled, he noted.

Much of its success has come through the mail: The group mailed 43 per cent more pieces this year than last and realized a 66-per-cent surge in returns, says Mr. Bland.

Also doing well in the mail are the American Farmland Trust, which expects total revenues of some $3.6-million this year, compared with $3.48-million last year. As it upgrades its development office, it has increased slightly the number and frequency of its acquisition mailings this year.

The most successful direct-mail appeal ever conducted by Defenders of Wildlife was sent in January, and although the organization has since scaled back its mail prospecting for new members, average donations are running about $6 higher than last year, says Jennifer E. Jones, director of grants and contributions.

Other organizations are exploring new ways to develop support for their activities.

Conservation International, which stopped direct-mail prospecting altogether last year, has tried to cultivate stronger relations with its 30,000 existing members rather than expand that base.

"We're asking them to bring other members on board, to hold events, to be spokespersons for conservation projects—to act very much as our partners," says John Heyl, vice-president for development. Among foundations and corporations as well as individuals, Conservation International is trying to spread the message that "they are making an investment in major changes in the future of the world; they are part of a team with us," he says.

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
American Society for Technion (N.Y.)	Oct. 1990	Sept. 1996	$250,000,000	$33,000,000
Graham-Windham Services to Families and Children (N.Y.)	June 1989	June 1992	4,800,000	3,500,000
New England Conservatory (Mass.)	Feb. 1991	Dec. 1995	25,000,000	12,564,086
92d Street Y (N.Y.)	Jan. 1990	Winter 1994	40,000,000	22,000,000
Oberlin College (Ohio)	Jan. 1986	June 1991	80,000,000	94,575,486
Randolph-Macon Woman's College (Va.)	July 1987	June 1992	40,000,000	40,300,000
School of the Art Institute of Chicago	Nov. 1988	Oct. 1991	6,500,000	6,500,000
Seattle University	Oct. 1991	June 1995	55,000,000	35,500,000
Simon Wiesenthal Center, Legacy Campaign (Cal.)	Sept. 1986	1992	10,000,000	7,500,000
Simon Wiesenthal Center, Museum of Tolerance Building Campaign (Cal.)	Nov. 1985	Oct. 1992	50,000,000	43,000,000
St. Barnabas Nursing Home (Pa.)	Spring 1989	Open	4,400,000	3,002,997
University of North Carolina at Chapel Hill	1989	1995	320,000,000	155,000,000

More Telemarketing Returns

The organization stopped seeking new members through the mail both because it saw the waste of paper as environmentally unacceptable and because it feared having to spend ever-greater resources to acquire and renew memberships.

"We felt that, while it's nice to have large numbers, that was not important for the way we wanted to do business," says Mr. Heyl. The group, which raised $10.4-million last year, expects to raise slightly more this year.

At Greenpeace, giving via door-to-door campaigning has been flat, says Ms. Monrean, but returns from telemarketing are increasing. Furthermore, donors reached by canvassing, who have never been particularly responsive to direct-mail follow-up appeals, are proving much more cooperative when reached by phone.

"The main thing I'm hearing is that a lot more people are applying for foundation grants than ever as the government cuts back."

In an effort to diversify its support, Greenpeace plans a walkathon for next year and is exploring other licensing projects and donor services involving affinity credit cards as well as Greenpeace greeting cards, stationery, and wrapping paper. It also hopes to cultivate more support from foundations—a relatively new arena for the group.

Foundation support has been a disappointment for several organizations, including American Rivers.

"The main thing I'm hearing is that a lot more people are applying for foundation grants than ever as the government continues to cut back," says Pat Muñoz, director of foundation and workplace fund raising. "We're losing some of our faithful, long-term people" among foundation supporters.

The organization, which raised $1,556,000 last year, in June revised its projected 1991 budget downward from $1,794,000 to $1,658,000.

As a result, American Rivers has trimmed its travel budget and has been slow to fill a couple of vacant positions.

Selling More Products

The American Farmland Trust plans to step up sales and promotion of the food products that it sells through marketing arrangements with the family farmers with whom it works.

"That's not a big income item for us now, but it could be," says Karen Kress, director of development and communications. "It makes so much sense for us as an organization."

Also plowing new financial ground, the Wilderness Society, has received its first grant from the U.S. Agency for International Development. The money will support the society's efforts, in conjunction with Harvard and Princeton Universities, to help Bolivia manage its forested land.

The society also is working on joint marketing ventures with Timberland, the footwear and clothing company, that "would enable us to do additional public education that would otherwise cost us hundreds of thousands of dollars," Mr. Frampton says.

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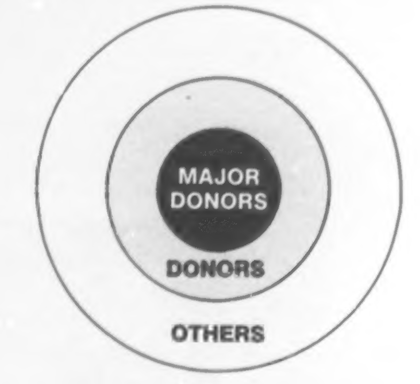

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110,000 Charities Created in 3 Years, Study Finds

More than 110,000 charities were created in the United States from 1987 to 1990, according to data released by the National Center for Charitable Statistics of Independent Sector, a coalition of grant makers and charities.

In that period, non-profit organizations that specialize in helping animals registered the largest percentage increase among the more than two dozen types of charities identified by the center, more than doubling in number, to a total of 8,377.

States that saw the largest percentage growth of new charities were Mississippi, Illinois, North Carolina, and Florida, the center said.

The data show that other types of charities with large percentage increases were social-science organizations, up by 331, or 67.6 per cent, and international organizations, which rose by 1,102, or 57.7 per cent. Charities involved in arts, culture, and humanities increased by 5,776, or 16 per cent.

Two categories of charities showed declines in the period: philanthropy and volunteerism organizations, down by 883, or 2 per cent, and youth-development groups, which dropped by 235, or 1.47 per cent.

Virginia Hodgkinson, vice-president for research at Independent Sector, noted that despite the growth in the number of animal-related groups, such organizations made up only 4,752, or about 4 per cent, of charities opening since 1987.

New charities involved in education and related activities were 14.1 per cent of the total. Some 8,777 new human-service organizations were created, representing nearly 8 per cent of all new charities.

Ms. Hodgkinson said she attributed the large percentage growth of new charities in some states to two factors: population increases and the fact that some states had small numbers of non-profits and could be expected to expand.

The statistics were derived from data that the center obtained from the Internal Revenue Service's 1990 master file of non-profits.

Independent Sector is examining the data as part of its effort to devise a National Taxonomy of Exempt Entities, a classification system for non-profit organizations that is now used by many private organizations and eventually will be used by the IRS.

More data on non-profits will be published early next year in the fourth edition of the coalition's *Dimensions of the Independent Sector*, a statistical profile of non-profit organizations.

Ms. Hodgkinson said the data and the taxonomy could be used by managers of non-profit organizations for strategic planning and by policy makers to determine the level and kinds of services offered by non-profits.

"By looking at these numbers, we can get trends of who is opening, who is closing, where the public dollars are going, and where new interests are," Ms. Hodgkinson said.

In some areas, she added, "there seems to be more talk than investment. Hopefully, a lot of us will learn how to better give out public dollars in the future."

—GRANT WILLIAMS

Net Changes by Type of Organization

	Number in 1987	Number in 1990	Net change	Percentage change
Arts, culture, and humanities	36,102	41,878	+5,776	+16.00%
Education	56,007	66,437	+10,430	+18.62
Environment	4,373	5,743	+1,370	+31.33
Animal-related	3,985	8,377	+4,392	+110.21
Health: general and rehabilitative	21,020	23,560	+2,540	+12.08
Mental health and crisis intervention	5,538	6,162	+624	+11.27
Diseases, disorders, and medical disciplines	6,320	6,972	+652	+10.32
Medical research	1,132	1,550	+418	+36.93
Crime and legal services	3,132	3,940	+808	+25.80
Employment and jobs	3,509	3,615	+106	+3.02
Food, nutrition, and agriculture	2,373	2,835	+462	+19.47
Housing and shelter	6,362	8,361	+1,999	+31.42
Public safety and disaster preparedness and relief	3,374	4,754	+1,380	+40.90
Recreation, leisure, and athletics	17,970	20,187	+2,217	+12.34
Youth development	16,013	15,778	−235	−1.47
Human service	28,682	35,244	+6,562	+22.88
International	1,910	3,012	+1,102	+57.70
Civil rights, social action, and advocacy	1,656	1,942	+286	+17.27
Community improvement	14,869	18,655	+3,786	+25.46
Philanthropy and volunteerism	43,304	42,421	−883	−2.04
Science institutes and services	3,689	4,326	+637	+17.27
Social-science institutes and services	490	821	+331	+67.55
Public affairs and social benefit	7,874	8,387	+513	+6.52
Religion-related	50,628	62,762	+12,134	+23.97
Membership benefit	593	970	+377	+63.58
Unknown	49,763	61,600	+11,837	+23.79

Net Growth State by State

	1987 charities operating in 1990	Total charities in 1990	Net change	Percentage change
Alabama	4,105	5,665	+1,560	+38.00%
Alaska	1,134	1,534	+400	+35.27
Arizona	4,177	5,575	+1,398	+33.47
Arkansas	2,759	3,758	+999	+36.21
California	43,614	56,751	+13,137	+30.12
Colorado	5,820	7,664	+1,844	+31.68
Connecticut	5,925	7,193	+1,268	+21.40
Delaware	1,240	1,547	+307	+24.76
District of Columbia	4,508	6,319	+1,811	+40.17
Florida	12,263	17,880	+5,617	+45.80
Georgia	6,477	9,221	+2,744	+42.37
Hawaii	1,896	2,479	+583	+30.75
Idaho	1,501	2,018	+517	+34.44
Illinois	15,281	23,415	+8,134	+53.23
Indiana	8,512	10,841	+2,329	+27.36
Iowa	5,587	6,700	+1,113	+19.92
Kansas	4,100	5,372	+1,272	+31.02
Kentucky	3,926	5,655	+1,729	+44.04
Louisiana	3,859	5,457	+1,598	+41.41
Maine	2,202	2,746	+544	+24.70
Maryland	6,951	9,034	+2,083	+29.97
Massachusetts	10,913	13,439	+2,526	+23.15
Michigan	10,898	14,370	+3,472	+31.86
Minnesota	8,115	10,039	+1,924	+23.71
Mississippi	1,963	3,044	+1,081	+55.07
Missouri	8,565	10,718	+2,153	+25.14
Montana	1,857	2,307	+450	+24.23
Nebraska	2,906	3,679	+773	+26.60
Nevada	1,210	1,715	+505	+41.74
New Hampshire	1,929	2,354	+425	+22.03
New Jersey	9,383	11,544	+2,161	+23.03
New Mexico	1,623	2,206	+583	+35.92
New York	29,525	36,421	+6,896	+23.36
North Carolina	7,921	11,662	+3,741	+47.23
North Dakota	1,530	+1,825	+295	+19.28
Ohio	17,044	21,572	+4,528	+26.57
Oklahoma	4,804	6,749	+1,945	+40.49
Oregon	5,237	6,763	+1,526	+29.14
Pennsylvania	15,675	19,699	+4,024	+25.67
Rhode Island	1,554	1,899	+345	+22.20
South Carolina	3,411	4,931	+1,520	+44.56
South Dakota	1,488	1,760	+272	+18.28
Tennessee	4,831	6,993	+2,162	+44.75
Texas	20,404	27,541	+7,137	+34.98
Utah	1,579	2,213	+634	+40.15
Vermont	1,508	2,004	+496	+32.89
Virginia	7,501	9,972	+2,471	+32.94
Washington	8,448	10,927	+2,479	+29.34
Wisconsin	8,077	9,840	+1,763	+21.83
West Virginia	2,256	2,897	+641	+28.41
Wyoming	1,011	1,277	+266	+26.31
Total	**349,248**	**459,550**	**+110,302**	**+31.58%**

Note: Figures are for organizations that are tax exempt under Section 501(c)(3) of the Internal Revenue Code.

SOURCE: Independent Sector

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OPINION

Commentary and Letters

A New AIDS Issue for Grant Makers

By DENISE GRAVELINE

WHEN I TOLD my philanthropic colleagues that I was leaving the Robert Wood Johnson Foundation to work for a major science association in Washington, one said wistfully, "I guess that means you won't be working in AIDS anymore."

My reply didn't do much to dissuade him. Yes, I was leaving the foundation that provides the largest amount of private money for AIDS projects in the country and my place on the executive committee of Funders Concerned About AIDS. Despite that, I assured him, I'd stay involved.

But his message got through: If you're not doing something to raise money for AIDS projects, you're not on the epidemic's front lines.

As it turned out, AIDS was on my "to do" list as soon as I started my new job, but not for reasons either of us had anticipated. Among the people I was supervising was a person with AIDS—one who called in from the hospital on my first day of work and subsequently spent just two working days in the office between severe bouts of illness.

The medical problems were being handled by doctors, but it was left to me to manage the dwindling sick-leave days, the widespread rumors and misinformation passed around by worried friends, the parents anxious to know that their child would not be fired, and the benefits that had to be put in motion. Later, my job expanded to include notifying colleagues of the death of a co-worker and arranging bereavement counseling and a memorial service.

MY VIEW

What we do not need are any more videos about how to treat employees and colleagues with AIDS compassionately—we have plenty of those, and they work well.

Oddly enough, many of my co-workers think that it must have been my stint in AIDS philanthropy that prepared me to manage such a situation. My own experience tells me something different. I'm part of a new generation of Americans for whom AIDS is a risk inherited before we knew it was there. We were in high school when the virus first began infecting Americans; we graduated from college when the first federal reports came out; and now we're among the young professionals so often mentioned in statistics at meetings of grant makers—we are the ones the epidemic is killing off too early to see our careers through.

A crucial difference exists between my work in AIDS philanthropy and my work as the manager of a person with AIDS, and it lies in the direct impact a manager can have that a grant maker rarely can. Finding myself in the position of determining an employee's chances to earn a salary while ill and to hold on to sick leave and other benefits showed me just how strong a manager's impact can be. As a grant maker, we were not giving money to individuals, let alone taking responsibility for them.

That's why I believe that some of the most pressing battles in the epidemic will take place on the job. As medical advances improve our ability to treat AIDS-related diseases, more people with AIDS will be kept well for longer periods of time—and they will be able to work longer than those who were diagnosed with the disease in the 1980's. But almost nothing is available to guide either employer or employee about ways to deal with AIDS. To really manage a person with AIDS, supervisors need more than videos, brochures, and research studies. Many of us need to take immediate, compassionate, and careful action—and that requires a sound

LETTERS

Why Volunteers Don't Belong on the Balance Sheet

To the Editor:

Susan Ellis makes a cogent and persuasive case for why "Volunteers Belong on the Balance Sheet" (October 8). Many of her arguments are valid. However, after spending more than 40 years in non-profit organizations, I differ with her conclusion and hope that volunteers will never have to be accounted for on my balance sheet.

Admitting that a completely accurate accounting would be impossible, Ms. Ellis states: "It's better to record the value of at least some of the time than none of the time." Wrong! Either way an organization will overstate or understate the value of its volunteers, creating one more uncertainty about which staff, volunteers, and trustees can argue interminably without coming to a satisfactory resolution. We have better things to do.

The most important volunteers for most non-profits are the members of their boards of trustees, who often come from many different walks of life as well as varying social and economic strata. When attending meetings of the board, many come from different distances, usually spending their own money to get there. Some may earn several hundreds of thousands of dollars annually. Others, less than $100,000.

Accounting for their meeting time alone would be a nightmare. Given the personalities of many trustees, one can't just say attending a meeting is worth $500. For some it may be only $100. For others it may be $2,500 or more. For some the cost of attending may be a subway token. For others it may involve a long flight across the country or from abroad. Finally, are they worth more if they come and speak than if they attend and remain silent, or remain for only part of the meeting?

For many educational institutions, alumni provide their largest pool of volunteers, and the range of functions they perform is almost the equal of the services the institution provides. For many schools and colleges they help identify and recruit [students with] athletic prowess—a delicate item to translate into dollars—and for some they also seek out academic talent. (If a fee can be established for teaching a class, can one be determined for recruiting a quarterback?) They serve on a wide variety of committees, including search committees, building committees, finance committees, etc. I wonder if the value of these services can be calculated.

Finally, I suggest that any function which adds to the administrative and accounting responsibilities of any responsible non-profit is a disservice. There are already more forms, regulations, and deadlines than most

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The Newspaper of the Non-Profit World

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THE PHILANTHROPY 400

America's leading recipients of donations and grants: They get one out of every eight dollars given to charity

FOUR HUNDRED major non-profit organizations receive more than one in every eight dollars that Americans give to charity.

Those organizations, which make up the first "Philanthropy 400," a list of the nation's largest non-profit organizations compiled by *The Chronicle of Philanthropy*, receive more than $17-billion in donations from individuals, foundations, and corporations. The list demonstrates that while the non-profit world includes more than 400,000 groups, a substantial portion of all charitable contributions goes to a relative handful of large organizations and institutions.

At the top of the list is the Salvation Army, which received $658.7-million in donations and had a total income of more than $1.2-billion in its 1990 fiscal year. Most of the other leaders of the Philanthropy 400 are familiar names: the American Red Cross (No. 2), the United Jewish Appeal (3), the American Cancer Society (5), the American Heart Association (6), Catholic Charities USA (8), the YMCA (9), Harvard University (10), and the Boy Scouts of America (11).

The one surprise may be No. 4: Second Harvest, a Chicago-based organization that serves most of the nation's food banks. In 1990, Second Harvest had only $1.5-million in cash income, but it received donations of more than 187 million pounds of food, valued at the government-established rate of $2.10 per pound.

Second Harvest is one of many organizations in the Philanthropy 400 that receive substantial in-kind contributions. International-relief groups, in particular, rely heavily on such donations, although it is sometimes difficult to gauge the value of those gifts. Organizations use different standards, depending on their own accounting practices.

Although the Philanthropy 400 are large organizations, they still reflect the diversity of the non-profit world. The list includes human-services organizations, museums, youth groups, colleges and univer-

Continued on Page 20

Who They Are

141	colleges and universities
52	United Ways
40	health organizations
28	human-services groups
26	international relief-and-development groups
18	Jewish federations
16	community foundations
15	museums and libraries
13	environmental and animal-related groups
11	youth groups
9	public-broadcasting stations
7	performing-arts groups
7	other education organizations
6	public-affairs groups
11	other non-profits

The Top 5

	Donations (in millions)
1. Salvation Army	$658.7
2. American Red Cross	520.2
3. United Jewish Appeal (National)	426.4
4. Second Harvest*	394.8
5. American Cancer Society	281.8

* Most of private support is in-kind donations of food.

Some Leaders by Category

Overall rank	Donations (in millions)
Human Services	
1. Salvation Army	$658.7
Health	
5. American Cancer Society	$281.8
Education	
10. Harvard University	$195.5
Youth	
11. Boy Scouts of America	$194.9
Performing Arts	
41. Lincoln Center (New York)	$92.3
Public Broadcasting	
48. Thirteen/WNET (New York)	$84.7
Environment	
72. Nature Conservancy	$58.8
Museums	
89. Metropolitan Museum of Art (New York)	$51.8
Community Foundations	
146. Communities Foundation of Texas	$34.4

The complete list begins on Page 20

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Teacher-Training Reform

This teacher (*above*) is in a new program supported by AT&T, one of several companies making more grants to reform training of schoolteachers. Story on Page 7.

Carter and Philanthropy

Former President Jimmy Carter has built a non-profit enterprise in Atlanta that relies heavily on collaboration to solve social problems. And he says foundations helped him develop his post-Presidential role. Story on Page 6.

Hard Times for United Way

Early results from United Way campaigns that have been completed indicate that the big on-the-job fund-raising drive may have trouble hitting its goals this year. Story on Page 17.

New Emphasis at the IRS

The Internal Revenue Service will give less attention to ferreting out fund-raising abuses. Now the IRS will take a close look at large non-profits, especially hospitals and universities, says a key official. Story on Page 17.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 3

About Fund Raising

1 Four hundred major non-profits raise more than one in every eight dollars donated to charity, according to the first Philanthropy 400, compiled by *The Chronicle*.

17 United Ways may have difficulty reaching their goals for this fall's campaigns, according to results from some drives that have finished.

17 The Internal Revenue Service's non-profit branch is shifting its attention from enforcement of fund-raising rules to monitoring of large non-profits like hospitals and universities.

19 A lawsuit has been filed challenging a New York law that requires professional solicitors for charities to pay an $80 registration fee.

8 Two charities are suing a pizza company for failing to donate part of its sales revenue under a joint-venture agreement.

8 The death of publisher Robert Maxwell has left at least two major gifts in limbo.

9 Small businesses contribute far more per employee to their local communities than do large businesses, a new study has found.

18 Congress heard calls last week for changes in the way the Postal Service provides reduced rates to non-profits.

41 New bills have been introduced to extend a tax break for gifts of art through 1992 (Tax Watch).

18 Bowls of soup are helping raise money for the poor, and recycling provided donations for a children's museum (Ideas).

19 Oral Roberts, the televangelist, has asked his followers to send him $500 apiece.

19 Salt Lake County officials have agreed to let a federation of charities solicit donations from county employees as an alternative to the United Way.

18 Interest rates for planned gifts issued by the Internal Revenue Service.

About Human Services

23 The Salvation Army is the nation's biggest recipient of charitable donations, but it is also an often-misunderstood non-profit.

25 The Lions International Foundation is in the midst of a $130-million campaign to prevent blindness.

About the Environment

25 Ducks Unlimited, formed by hunters more than 50 years ago, is now emphasizing the growing public interest in preserving wetlands.

34 *Forbes* magazine says Greenpeace International has been shaken by the resignation of its founder, but the environmental group says *Forbes* is just trying to sell ads (Press Clippings).

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Jimmy Carter's new dimension for philanthropy 6

About Grant Makers

6 Former President Jimmy Carter says foundation leaders helped him develop his post-Presidential role, which emphasizes building coalitions between philanthropic, business, and governmental organizations.

8 Five Philadelphia foundations and non-profits are backing a fund to provide operating support for community-development groups.

9 The Council on Foundations will hold its annual meeting in Miami in spite of a call by black leaders for a boycott of the city.

18 A new guide tells reporters which New York foundation executives are experts on particular topics (Ideas).

43 Foundations that start off with a strong mission often end up scattering their efforts among too many programs, says columnist Waldemar A. Nielsen (Opinion).

12 Recent grants by foundations, corporations, and other grant makers.

Of Special Interest to Board Members

17 The IRS is shifting its attention from enforcement of fund-raising rules to the monitoring of big non-profits, like hospitals and universities, including how their boards are structured.

33 Board members, many of whom come from the for-profit world, where mergers have become a fact of life, may see consolidation as a solution to the problems of non-profits, experts say.

About Volunteers

8 A philanthropy advocacy group has announced the first "Points of Lightning" awards.

8 Points of Light 599 to 611 were named by the Bush Administration.

About Managing Non-Profits

33 Charities should be choosy about adopting techniques from business, say scholars who study non-profit management.

33 A Michigan human-services agency has won the first Peter F. Drucker Award for Nonprofit Innovation.

35 Groups that help poor people start small businesses have formed a new organization to pool their resources.

36 Use of graphic arts to get a message across is highlighted in a new exhibit (with a portfolio of some of the winners).

34 Non-profits are becoming too commercial, say *The New Yorker* and *The Washington Post Magazine* (Press Clippings).

42 All non-profits should be worried about Congressional challenges to the tax exemptions of hospitals, says a leader of the United Hospital Fund in New York (My View).

About Education

7 Several corporations are stepping up their efforts to reform the training of schoolteachers.

27 Each year the St. Labre Indian School in Montana educates 700 poor children on the Northern Cheyenne and Crow Reservations and raises $18-million from the general public.

About International Philanthropy

6 Former President Jimmy Carter is pioneering a new approach to non-governmental solutions to problems in the third world.

27 Though less well-known than big organizations like World Vision, Mission Aviation Fellowship plays an important role in international-relief programs.

About Health

8 Charities that deal with AIDS are vying for the services of Magic Johnson, the basketball player who has revealed he has the virus that causes the disease. They are also hoping for increased donations.

Also In This Issue

34 **Books:** Recent publications on fund raising, philanthropy, and non-profits.

36 **Letters** on reform in grant making, counting volunteers, and grants for Soviet studies.

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FUND RAISING

Trends and Ideas

United Ways May Miss 1991 Goal

Most campaigns are still under way, but results from 12 cities show an increase of only 1.2%

By BRUCE MILLAR

FUND-RAISING RESULTS from a dozen cities indicate that United Ways will have difficulty reaching their overall goal of increasing contributions by 4.7 per cent over 1990.

Most of the nation's 2,300 United Ways are still in the process of running their campaigns. However, 12 major drives that have been completed raised a total of $425-million, a 1.2-per-cent increase from the same campaigns last year, according to Richard Fusco, senior vice-president for marketing and resource development at United Way of America.

The biggest gains were a 10.1-per-cent increase by the United Way of Midland County in Michigan and a 9.4-per-cent increase at the Tulsa (Okla.) Area United Way. Among completed campaigns, United Ways in Cleveland and Detroit suffered the biggest losses, with declines of 1.5 per cent and 2 per cent from 1990, respectively.

Mr. Fusco blamed widespread weakness in the economy for what he termed the "mixed bag" of results from campaigns that have ended. He said he was confident that United Ways would raise more than last year's total of $3.11-billion. But he said he was unsure whether the growth would outpace the rate of inflation, which is running at 3.4 per cent.

More Workers Are Said to Give

Mr. Fusco said that in spite of the problems caused by the recession, he was encouraged by anecdotal evidence indicating that more employees are participating in the United Way drives and that more companies with fewer than 500 employees are running United Way campaigns.

He said he was optimistic that results from United Ways in the Southeast and Northwest, two regions with strong economic growth, would boost the campaign total. He also said he was encouraged by early results from United Way of Tri-State, the nation's largest campaign, which includes 35 United Ways in Connecticut, New Jersey, and New York. After several large employers reported strong increases in per-capita giving by employees, campaign officials predicted the United Way would raise $202.3-million, a 4.9-per-cent increase over last year. The 1990 contributions were $192-million, $2.5-million less than the amount raised in 1989.

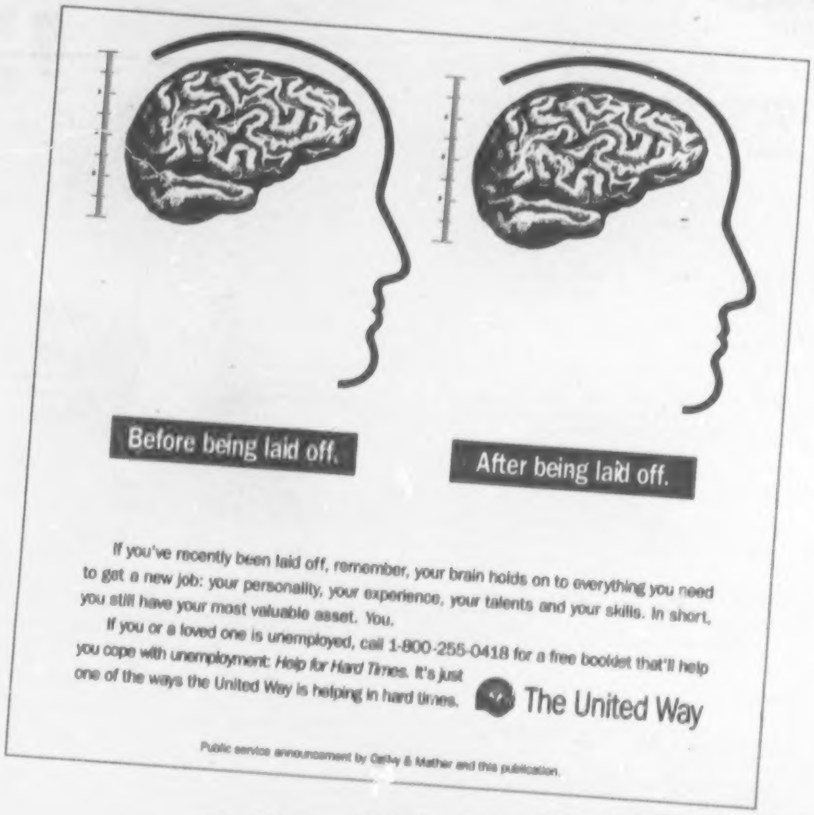
This month United Ways in the tri-state region began a new public-service campaign aimed at helping people who recently lost their jobs. The print and radio ads are intended to raise the morale of such people. "If you've recently been laid off, just remember, you still have your most valuable asset: you," says one radio announcement.

The ads urge readers and listeners to call a toll-free telephone number for a free handbook that offers advice to people who have lost their jobs.

Fall 1991 Results of United Way Drives That Are Completed

Buffalo	+1.0%
Cincinnati	+1.6
Cleveland	−1.5
Dallas	+3.2
Detroit	−2.0
Fort Worth	−0.1
Midland, Mich.	+10.1
Minneapolis	+5.5
Tulsa	+9.4
Richmond	+4.5
St. Louis	+1.3
St. Paul	+4.1

SOURCE: United Way of America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Public service announcement by Ogilvy & Mather and this publication.

This advertisement is one of several being used by United Ways in the New York City area to raise the morale of laid-off workers.

IRS to Shift Emphasis From Fund-Raising Enforcement to Checking on Big Non-Profits

By GRANT WILLIAMS

NEW YORK

THE Internal Revenue Service has shifted its top priority from a crackdown on charitable fund raising to a major review of large systems of non-profits—chiefly hospitals, colleges, and universities, says Marc Owens, director of the service's Exempt Organizations Technical Division.

Conference Notebook

The monitoring of fund raising will "shift from a very high-profile, special-emphasis program to a more routine enforcement effort," as the I.R.S. evaluates what it has learned to date, he said.

Mr. Owens described the revenue service's plans for the current fiscal year at a conference held here by *The Philanthropy Monthly* magazine.

The IRS has closely monitored charities' fund-raising efforts for the past two years.

An example of a practice that was flagged by the service: A charity would hold a fund-raising event, provide a donor with something of value in return for a contribution, and suggest that the donor could take a charitable deduction greater than what the law permitted. If a donor gave $100 for a fund-raising dinner that cost the charity $25 to stage, the donor should have taken a deduction of $75, not $100, Mr. Owens noted.

The IRS eventually identified about 30 non-profits that had conducted some form of fund raising in which "supporters were taking charitable-contribution deductions for fairly high-dollar-amount items that were not 100 per cent deductible," he said.

In addition, the revenue service obtained from 30 non-profits the names of about 600 people who gave the most money to the charities.

The IRS has audited the charities and many of the donors involved, he said. "We are awaiting the results to see what sort of analysis comes out of it," said Mr. Owens.

The IRS's new top priority is to examine large, tax-exempt organizations that are affiliated with complex subsidiaries or that have complicated legal structures, he said.

"We have been aware for some time that hospitals in particular, and universities to maybe a lesser extent, have tended to reorganize with a holding-company kind of format," he said. Those organizations typically "have a board of directors at the top of the pyramid, separate corporations from underlying subsidiaries, and levels and levels of subsidiaries that include for-profit organizations, joint ventures, and partnerships of various kinds," Mr. Owens said.

"In order to really identify what it's

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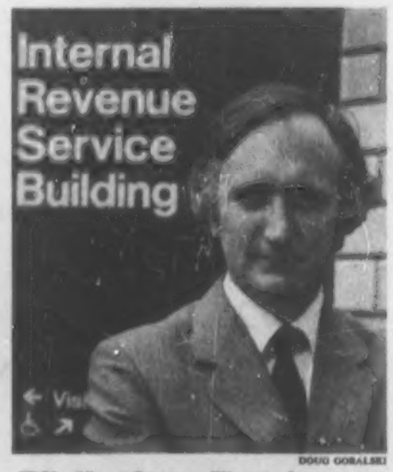

DOUG GORALSKI

IRS's Marc Owens: "It may be a more limited number of audits than we've done in years past, but certainly more intensive than we've ever done."

THE PHILANTHROPY 400

Continued from Page 1

sities, United Ways, performing-arts centers, public-television stations, environmental groups, and community foundations.

Organizations are ranked according to their private donations (excluding government grants), but information on total income is also provided for most of them.

On the list are Stanford University (No. 13) and St. Labre Indian School (288), Shriners Hospitals for Crippled Children (15) and the Mayo Clinic (117), Catholic Relief Services (18) and Planned Parenthood Federation of America (36), the Ronald Reagan Presidential Foundation (338) and the Carter Center (249), the Rotary Foundation (102) and the Lions Clubs International Foundation (279), the Christian Broadcasting Network (53) and National Public Radio (243), Greenpeace USA (142) and the Humane Society of the United States (304), the Heritage Foundation (311) and the Rand Corporation (393), the New York Public Library (211) and the Colonial Williamsburg Foundation (255), the John F. Kennedy Center for the Performing Arts (330) and the Julliard School (372).

Many Religious Charities

All 400 organizations are eligible to receive tax-deductible contributions. That is, they are non-profits that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code, public institutions (mostly colleges and universities), and a few veterans' organizations that can receive tax-deductible contributions. Except for the veterans' groups, the list excludes organizations that are tax-exempt under Section 501(c)(4), such as the Sierra Club and the National Abortion Rights Action League, and are therefore not eligible to receive tax-deductible contributions.

For the most part, the list does not include churches, which are not required to make their finances public. But many religious charities are among the Philanthropy 400, including, in addition to the Salvation Army, World Vision (No. 19), Church World Service (143), and Lutheran World Relief (382). Also included are evangelical organizations like Campus Crusade for Christ (No. 23), the Billy Graham Evangelistic Association (67), and the James Robison Evangelistic Association (333).

Jewish Philanthropy

The Philanthropy 400 also demonstrates the continuing strength of Jewish philanthropy. The national United Jewish Appeal is No. 3 and the United Jewish Appeal–Federation of Jewish Philanthropies of New York City is No. 7. In all, 18 local Jewish federations are on the list, as well as such other Jewish charities as the Jewish Community Centers Association of North America (No. 21), Hadassah (96), the National Jewish Center for Immunology and Respiratory Medicine (335), and the American

	Private support	Total income	Fund-raising costs			Year ending
			Amount	Percentage of private support	Percentage of total income	
1. Salvation Army (Alexandria, Va.)	**$658,755,399**	$1,215,463,189	$38,772,241	5.9%	3.2%	9/30/90
2. American Red Cross (Washington)*	**520,169,000**	1,465,557,000	35,291,000	6.8	2.4	6/30/90
3. United Jewish Appeal (National) (New York)[1]*	**426,399,000**	439,051,000	22,900,000	5.4	5.2	6/30/90
4. Second Harvest (Chicago)[2]	**394,830,019**	395,989,532	349,972	23.3[2]	13.2[2]	12/31/90
5. American Cancer Society (Atlanta)	**281,785,285**	356,404,566	49,749,358	17.7	14.0	8/31/90
6. American Heart Association (Dallas)	**215,860,000**	264,391,000	32,159,000	14.9	12.2	6/30/90
7. United Jewish Appeal–Federation of Jewish Philanthropies of New York City*	**213,854,000**	269,181,000	18,198,805	8.5	6.8	6/30/90
8. Catholic Charities USA (Alexandria, Va.)[3]	**210,887,523**	1,538,590,851	32,200,281	15.3	2.1	12/31/90
9. YMCA of the U.S.A. (Chicago)[4]	**207,372,958**	1,438,455,518	n/a	—	—	12/31/90
10. Harvard University (Cambridge, Mass.)*	**195,521,227**	1,107,920,674	n/a	—	—	6/30/91
11. Boy Scouts of America (Irving, Tex.)	**194,941,000**	430,001,000	27,260,000	14.0	6.3	12/31/90
12. YWCA of the U.S.A. (New York)[5]	**185,600,000**	323,570,000	5,780,000	3.1	1.8	12/31/89
13. Stanford University (Cal.)*	**180,922,245**	1,000,000,000	14,966,375	8.3	1.5	8/31/91
14. Cornell University (Ithaca, N.Y.)[6]*	**177,100,000**	1,164,209,000	7,039,499	4.0	0.6	6/30/91
15. Shriners Hospitals for Crippled Children (Tampa, Fla.)*	**173,308,245**	372,970,694	2,229,067	1.3	0.6	12/31/90
16. Boys and Girls Clubs of America (New York)	**157,319,431**	239,560,786	17,972,067	11.4	7.5	12/31/89
17. University of Pennsylvania (Philadelphia)*	**143,384,184**	1,100,000,000	12,543,000	8.7	1.1	6/30/91
18. Catholic Relief Services (Baltimore)[7]	**141,856,000**	220,027,000	4,905,000	3.5	2.2	12/31/90
19. World Vision (Monrovia, Cal.)[8]	**138,653,464**	215,515,930	28,873,461	20.8	13.4	9/30/90
20. Yale University (New Haven, Conn.)	**130,100,000**	700,000,000	8,500,000	6.5	1.2	6/30/90
21. Jewish Community Centers Association of North America (New York)[9]	**129,000,000**	375,000,000	n/a	—	—	12/31/90
22. Columbia University (New York)*	**128,300,000**	898,500,000	n/a	—	—	6/30/91
23. Campus Crusade for Christ (San Bernardino, Cal.)	**123,510,000**	140,001,000	9,813,000	7.9	7.0	8/31/90
24. Duke University (Durham, N.C.)*	**113,693,144**	n/a	n/a	—	—	6/30/91
25. Johns Hopkins University (Baltimore)*	**111,814,713**	n/a	8,853,779	7.9	—	6/30/90
26. March of Dimes (White Plains, N.Y.)	**109,960,000**	124,423,000	18,696,000	17.0	15.0	12/31/90
27. University of California at Berkeley	**109,600,000**	n/a	n/a	—	—	6/30/91
28. University of Illinois (Urbana)	**109,000,000**	1,550,000,000	7,500,000	6.9	0.5	6/30/91
29. Massachusetts Institute of Technology (Cambridge)[7]*	**108,122,000**	1,085,568,000	5,700,000	5.3	0.5	6/30/91
30. Muscular Dystrophy Association (Tucson, Ariz.)	**107,725,894**	118,819,046	22,288,250	20.7	18.8	12/31/90
31. University of Minnesota (Minneapolis)[10]	**105,298,301**	n/a	n/a	—	—	6/30/90
32. University of Wisconsin at Madison	**104,000,000**	n/a	5,774,190	5.6	—	12/31/90
33. University of Washington (Seattle)*	**102,000,000**	n/a	5,600,000	5.5	—	6/30/91
34. Christian Children's Fund (Richmond)	**101,184,907**	102,959,702	10,290,307	10.2	10.0	6/30/91
35. University of California at Los Angeles	**98,996,000**	1,524,996,000	13,728,000	13.9	0.9	6/30/90
36. Planned Parenthood Federation of America (New York)	**97,378,000**	370,618,000	18,241,000	18.7	4.9	12/31/90
37. American Lung Association (New York)	**97,276,912**	121,042,885	22,346,111	23.0	18.5	6/30/90
38. United Way/Crusade of Mercy (Chicago)	**95,690,156**	96,641,973	4,757,405	5.0	4.9	6/30/91
39. University of Michigan (Ann Arbor)	**94,800,000**	1,763,000,000	n/a	—	—	6/30/90
40. University of Southern California (Los Angeles)	**94,303,629**	919,184,000	10,033,469	10.6	1.1	6/30/91
41. Lincoln Center for the Performing Arts (New York)[11]	**92,251,263**	289,559,921	15,235,847	16.5	5.3	6/30/91
42. National Easter Seal Society (Chicago)	**91,521,230**	284,196,789	21,416,130	23.4	7.5	8/31/90
43. American Lebanese-Syrian Associated Charities–St. Jude's Children's Research Hospital (Memphis)	**91,209,005**	144,262,439	18,051,328	19.8	12.5	6/30/91
44. Princeton University (N.J.)[6]	**89,300,000**	451,475,000	n/a	—	—	6/30/91
45. United Way (Los Angeles)[12]	**88,391,000**	n/a	n/a	—	—	12/31/90
46. Save the Children (Westport, Conn.)	**88,174,000**	90,757,000	7,206,000	8.2	7.9	9/30/90
47. Institute of International Education (New York)	**86,394,474**	140,939,180	343,779	0.4	0.2	9/30/90
48. Thirteen/WNET (New York)[13]	**84,711,000**	110,033,000	12,622,000	14.9	11.5	6/30/91
49. Girl Scouts of the USA (New York)[14]	**82,579,000**	372,014,792	n/a	—	—	9/30/89
50. Jewish Federation of Metropolitan Chicago*	**80,800,000**	89,000,000	4,600,000	5.7	5.2	12/31/90
51. Indiana University (Bloomington)	**79,118,891**	n/a	4,472,747	5.7	—	6/30/90
52. United Way of New York City*	**77,527,522**	93,016,567	4,374,255	5.6	4.7	6/30/91
53. Christian Broadcasting Network (Virginia Beach)	**74,863,000**	106,120,000	14,631,000	19.5	13.8	3/31/91
54. Jewish Federation Council of Greater Los Angeles*	**74,710,604**	83,688,993	8,169,103	10.9	9.8	8/31/90
55. New York University[10]	**74,675,985**	n/a	n/a	—	—	6/30/90
56. Ohio State University (Columbus)	**74,296,747**	n/a	7,200,000	9.7	—	6/30/91
57. Larry Jones Ministries/Feed the Children (Oklahoma City)[7]	**73,001,680**	73,891,754	4,310,918	5.9	5.8	9/30/90
58. Arthritis Foundation (Atlanta)	**71,544,233**	76,617,248	9,341,160	13.1	12.2	12/31/90
59. Northwestern University (Evanston, Ill.)	**70,969,904**	574,501,000	6,204,156	8.8	1.1	8/31/91
60. Big Brothers/Big Sisters of America (Philadelphia)	**70,751,724**	76,875,652	n/a	—	—	12/31/89
61. National Multiple Sclerosis Society (New York)	**69,592,516**	76,336,422	12,297,577	17.6	16.1	9/30/90

* Organization is engaged in a capital, endowment, or other special campaign. n/a: not available For numbered footnotes, see Pages 30 and 31.

	Private support	Total income	Fund-raising costs			Year ending
			Amount	Percentage of private support	Percentage of total income	
62. Covenant House (New York)	**$69,323,061**	$76,250,036	$16,145,805	23.3%	21.2%	6/30/91
63. University of Chicago[10]	**67,117,551**	n/a	n/a	—	—	6/30/90
64. University of Miami[10]	**65,891,146**	n/a	n/a	—	—	6/30/90
65. CARE (New York)[7]	**65,672,000**	336,648,000	14,569,000	22.2	4.3	6/30/91
66. United Way of the National Capital Area (Washington)	**64,848,748**	65,356,292	3,690,615	5.7	5.6	6/30/91
67. Billy Graham Evangelistic Association (Minneapolis)	**64,229,388**	77,971,756	3,974,678	6.2	5.1	12/31/90
68. United Way of the Texas Gulf Coast (Houston)	**62,376,000**	65,334,000	4,103,000	6.6	6.3	3/31/91
69. Pennsylvania State University (University Park)	**61,400,000**	1,200,000,000	4,200,000	6.8	0.4	6/30/91
70. University of Florida (Gainesville)*	**59,614,082**	781,322,549	5,248,282	8.8	0.7	6/30/91
71. Asbury Theological Seminary (Wilmore, Ky.)	**59,381,444**	70,598,985	280,132	0.5	0.4	5/31/91
72. Nature Conservancy (Arlington, Va.)	**58,823,000**	137,734,000	8,808,000	15.0	6.4	6/30/90
73. United Way of the Bay Area (San Francisco)[12]	**57,747,000**	n/a	n/a	—	—	12/31/90
74. United Negro College Fund (New York)*	**57,117,930**	60,922,259	9,752,318	17.1	16.0	3/31/91
75. Mount Sinai Medical Center (New York)[15]	**57,112,661**	754,659,000	1,809,000	3.2	0.2	12/31/90
76. University of Texas at Austin[10]	**56,703,859**	n/a	n/a	—	—	6/30/90
77. University of Notre Dame (Ind.)	**56,642,143**	317,619,867	3,287,211	5.8	1.0	6/30/91
78. Memorial Sloan-Kettering Cancer Center (New York)	**56,516,000**	328,697,000	8,146,000	14.4	2.5	12/31/90
79. United Way of Southeastern Pennsylvania (Philadelphia)	**55,550,073**	57,093,690	3,562,440	6.4	6.2	4/30/91
80. Fund for Johns Hopkins Medicine (Baltimore)[16]	**54,999,000**	796,486,000	2,950,761	5.4	0.4	6/30/91
81. WGBH Educational Foundation (Boston)	**54,300,000**	103,615,000	n/a	—	—	8/31/90
82. University of North Carolina at Chapel Hill*	**54,227,835**	655,684,000	6,000,000	11.1	0.9	6/30/90
83. University of Virginia (Charlottesville)[17]	**54,042,729**	741,987,000	2,070,700	3.8	0.3	6/30/91
84. Disabled American Veterans (Cold Spring, Ky.)	**53,589,778**	65,672,031	19,171,917	35.8	29.2	12/31/90
85. Michigan State University (East Lansing)	**53,563,876**	n/a	n/a	—	—	6/30/90
86. AmeriCares (New Canaan, Conn.)[7]	**52,824,906**	53,782,286	858,942	1.6	1.6	6/30/90
87. University of California at San Francisco*	**52,718,132**	336,138,912	n/a	—	—	6/30/91
88. Ducks Unlimited (Long Grove, Ill.)	**52,070,279**	68,052,939	12,935,180	24.8	19.7	2/28/91
89. Metropolitan Museum of Art (New York)	**51,761,136**	152,837,790	2,255,621	4.4	1.5	6/30/90
90. Brother's Brother Foundation (Pittsburgh)[7]	**51,618,983**	52,213,920	74,806	0.1	0.1	12/31/90
91. United Way Services (Cleveland)	**51,575,915**	52,025,915	1,836,780	3.6	3.5	12/31/90
92. Cystic Fibrosis Foundation (Bethesda, Md.)	**51,492,167**	62,351,810	4,270,128	8.3	6.8	12/31/90
93. Brown University (Providence, R.I.)*	**51,400,000**	n/a	4,800,000	9.3	—	6/30/91
94. Dartmouth College (Hanover, N.H.)[10]	**51,144,915**	n/a	n/a	—	—	6/30/90
95. Texas A&M University (College Station)	**50,817,143**	n/a	4,100,000	8.1	—	8/31/91
96. Hadassah: Women's Zionist Organization of America (New York)*	**50,600,000**	71,600,000	1,100,000	2.2	1.5	5/31/90
97. Vanderbilt University (Nashville)[18]*	**50,339,693**	778,352,755	6,580,447	13.1	0.8	6/30/91
98. Case Western Reserve University (Cleveland)*	**49,770,984**	282,000,000	3,600,000	7.2	1.3	6/30/91
99. Washington University (St. Louis)	**49,602,703**	589,375,000	n/a	—	—	6/30/90
100. United Way of Greater St. Louis[12]	**49,431,469**	n/a	n/a	—	—	12/31/90
101. University of California at San Diego[10]	**49,319,254**	n/a	n/a	—	—	6/30/90
102. Rotary Foundation of Rotary International (Evanston, Ill.)	**49,166,015**	82,183,527	5,503,622	11.2	6.7	6/30/91
103. Iowa State University (Ames)*	**48,280,721**	n/a	4,108,736	8.5	—	6/30/91
104. Associated: Jewish Community Federation of Baltimore*	**48,000,000**	62,400,000	1,500,000	3.1	2.4	6/30/91
105. Episcopal Church of the U.S.A. (New York)[19]	**47,979,000**	57,396,000	n/a	—	—	12/31/90
106. Paralyzed Veterans of America (Washington)	**46,934,223**	48,738,507	13,788,370	29.4	28.3	9/30/90
107. University of Utah (Salt Lake City)[20]	**46,796,562**	599,714,000	1,500,000	3.2	0.3	6/30/91
108. Carnegie Mellon University (Pittsburgh)*	**46,746,660**	n/a	3,000,000	6.4	—	6/30/91
109. Mothers Against Drunk Driving (Dallas)	**46,593,380**	49,327,215	10,815,608	23.2	21.9	6/30/90
110. University of Missouri (Columbia)[10]	**45,724,406**	n/a	n/a	—	—	6/30/90
111. Trinity Broadcasting Network (Tustin, Cal.)	**45,139,444**	64,729,820	3,864,915	8.6	6.0	12/31/90
112. United Way of Minneapolis Area	**43,344,512**	44,880,021	2,513,427	5.8	5.6	12/31/90
113. Compassion International (Colorado Springs)	**42,557,519**	42,857,519	4,119,632	9.7	9.6	6/30/91
114. United Way of Massachusetts Bay (Boston)	**42,409,524**	43,197,890	3,059,394	7.2	7.1	12/31/90
115. United Way of Metropolitan Atlanta	**42,336,000**	43,464,000	n/a	—	—	12/31/90
116. Metropolitan Opera Association (New York)	**41,569,600**	105,028,500	6,147,500	14.8	5.9	7/31/91
117. Mayo Foundation (Rochester, Minn.)[21]	**41,437,646**	1,180,600,000	n/a	—	—	12/31/90
118. Virginia Polytechnic Institute & State University (Blacksburg)	**41,221,932**	n/a	2,031,001	4.9	—	6/30/90
119. United Way & Community Chest of Cincinnati	**40,850,800**	42,628,800	2,042,500	5.0	4.8	12/31/90
120. Boston University	**40,771,433**	638,970,000	5,841,885	14.3	0.9	6/30/91
121. Jewish Community Federation of San Francisco, the Peninsula, Marin and Sonoma Counties*	**40,596,975**	49,493,447	4,435,241	10.9	9.0	6/30/91

* Organization is engaged in a capital, endowment, or other special campaign. n/a: not available For numbered footnotes, see Pages 30 and 31.

Chart continues on Page 22.

fund-raising arms of two Israeli universities: the Hebrew University (160) and Technion (167).

The Jewish federations raise money both for local charitable activities and for the U.J.A., which distributes it to other organizations, primarily the United Israel Appeal and the American Jewish Joint Distribution Committee, to help Jews in Israel and around the world.

In 1990 most of those federations posted large increases in donations, in part because of Operation Exodus, a special campaign to help Jews leave the Soviet Union.

In all, $1.1-billion was raised under the U.J.A. umbrella. Only the United Way system, which totaled $3.1-billion in 1990, raised more.

Colleges Lead Institutions

Among non-profit institutions, colleges and universities are the leaders in private donations. The Philanthropy 400 includes 141 colleges and universities, far more than any other kind of institution or organization.

In contrast, only 15 hospitals, 15 museums and libraries, 9 public-broadcasting stations, 7 performing-arts organizations, and 1 private secondary school (Phillips Andover, No. 360) are on the list.

In fact, many well-known organizations did not receive enough private support to be included in the top 400. Among them: the National Council on the Aging, the Field Museum of Natural History, and the Cleveland Orchestra. (For a list of some of those organizations and how much they raise, see Page 32.)

In addition, some non-profits are decentralized and do not collect the aggregate information from their affiliates that would probably put them among the top 400. Among those are Family Service America, the National 4-H Council, the Make-a-Wish Foundation, and Travelers Aid International.

One of the most significant organizations in that category is the Lutheran Social Ministry Organizations, a $1-billion-plus enterprise that has national data only on its total income, not the contributions it received. Officials there said they hoped to be able to provide the necessary information next year.

Special Olympics International also does not collect such information, but its national office is large enough to make it No. 351.

New York Has the Most

The Philanthropy 400 confirms that New York City remains the capital of the philanthropic world, both because so many national organizations have their headquarters there and because of the volume of contributions to the city's own institutions. In all, New York City is represented in the Philanthropy 400 by 53 organizations, including the top museum (the Metropolitan), the top arts organization (Lincoln Center), and the top

Continued on Page 22

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public-television station (Thirteen/WNET).

Washington, also the home of many national organizations, is represented by 27 groups, Chicago by 15, Los Angeles by 15, Boston by 10, and Atlanta by 7.

But many of the Philanthropy 400 are in smaller cities. Colorado Springs, for example, has four: Compassion International (No. 113), Junior Achievement (162), the U.S. Olympic Committee (202), and Young Life (171), a Christian youth group.

Data on Fund-Raising Costs

In addition to information on donations and total revenue, the Philanthropy 400 includes data on many organizations' fund-raising expenditures. Such expenditures are difficult to compare, however, especially among different kinds of organizations.

One difference is in accounting methods. Most colleges and universities, for example, follow guidelines set down by the Council for Advancement and Support of Education and the National Association of College and University Business Officers. Many charities follow the standards of the National Charities Information Bureau and the Philanthropic Advisory Service of the Council of Better Business Bureaus, which are based on accounting principles promulgated by the Financial Accounting Standards Board.

In addition to differences in accounting practices, the kind of fund raising that organizations do also affects their fund-raising costs. Groups that rely heavily on direct mail, such as the Disabled American Veterans (No. 84), usually have relatively high fund-raising costs.

Most organizations that get the bulk of their contributed income from foundations, corporations, or a few large donors have low costs. So do groups that receive substantial in-kind donations. For example, among the groups with the lowest fund-raising costs are the Brother's Brother Foundation (No. 90) and Gifts in Kind America (127), which receive most of their donations in goods rather than cash; the Institute of International Education (47) and the National Merit Scholarship Corporation (170), which get their private support from companies, foundations, and other non-profit institutions; and community foundations, such as the San Francisco Foundation (175) and the Hawaii Community Foundation (256), which receive many large bequests and other big donations.

In addition, because the public often objects to high fund-raising costs, some organizations try to minimize those costs by charging as much as possible to other functions, such as public education.

The Philanthropy 400 tables present fund-raising costs both as a percentage of private support and as a percentage of total income.

			Fund-raising costs			
	Private support	Total income	Amount	Percentage of private support	Percentage of total income	Year ending
122. Goodwill Industries of America (Bethesda, Md.)[22]	$40,500,000	$664,100,000	$13,400,000	33.1%	2.0%	12/31/90
123. United Way of King County (Seattle)*	39,807,971	40,548,847	2,428,521	6.1	6.0	12/31/90
124. Yeshiva University (New York)*	39,530,000	n/a	n/a	—	—	6/30/91
125. Emory University (Atlanta)*	38,789,000	n/a	3,823,000	9.9	—	8/31/90
126. University of Pittsburgh*	38,700,000	626,000,000	3,000,000	7.8	0.5	6/30/91
127. Gifts in Kind America (Alexandria, Va.)[7]	38,592,460	39,355,025	44,399	0.1	0.1	12/31/90
128. National Voluntary Health Agencies (Washington)	38,512,545	n/a	n/a	—	—	12/31/90
129. City of Hope (Los Angeles)	38,262,000	56,285,000	5,238,000	13.7	9.3	9/30/90
130. Loyola University of Chicago*	37,835,842	178,972,000	2,266,484	6.0	1.3	6/30/91
131. University of Nebraska (Lincoln)[10]	37,791,677	n/a	n/a	—	—	6/30/90
132. University of Colorado (Boulder)[10]	37,666,812	n/a	n/a	—	—	6/30/90
133. American Diabetes Association (Alexandria, Va.)	37,462,035	56,148,740	6,195,976	16.5	11.0	6/30/90
134. United Cerebral Palsy Associations (New York)	37,365,000	359,865,000	9,359,000	25.0	2.6	9/30/90
135. California Institute of Technology (Pasadena)	37,168,069	295,005,000	2,524,447	6.8	0.9	9/30/90
136. World Wildlife Fund (Washington)	37,000,000	54,000,000	4,800,000	13.0	8.9	6/30/91
137. United Way of Greater Rochester (N.Y.)	36,888,339	39,221,263	1,981,009	14.1	0.8	3/31/91
138. United Way of Metropolitan Dallas	36,727,113	37,321,269	1,730,070	4.7	4.6	10/31/90
139. M.D. Anderson Cancer Center (Houston)	36,653,400	449,113,384	2,932,272	8.0	0.7	8/31/90
140. United Way of Allegheny County (Pittsburgh)[12]	36,571,642	n/a	n/a	—	—	12/31/90
141. Tufts University (Medford, Mass.)*	36,537,702	252,618,197	5,915,511	16.2	2.3	6/30/91
142. Greenpeace USA (Washington)	36,393,914	47,636,803	9,383,736	25.8	19.7	12/31/90
143. National Council of Churches/Church World Service (New York)	35,343,409	49,596,727	5,411,277	15.3	10.9	12/31/90
144. University of Rochester (N.Y.)	34,796,819	591,318,000	4,913,225	14.1	0.8	6/30/90
145. Florida State University (Tallahassee)*	34,742,131	n/a	1,146,564	3.3	—	6/30/90
146. Communities Foundation of Texas (Dallas)	34,434,681	50,022,551	n/a	—	—	6/30/90
147. Children International (Kansas City, Mo.)	34,310,000	35,643,000	5,940,000	17.3	16.7	9/30/91
148. University of Iowa (Iowa City)*	34,000,000	957,600,000	3,100,000	9.1	0.3	12/31/90
149. MAP International (Brunswick, Ga.)[7]*	33,984,221	35,057,637	881,736	2.6	2.5	12/31/90
150. Greater Miami Jewish Federation*	33,465,635	38,768,032	2,257,064	6.7	5.8	6/30/90
151. University of Arizona (Tucson)*	33,395,606	590,429,073	2,543,284	7.6	0.4	6/30/90
152. Jewish Community Federation of Cleveland*	33,006,021	43,367,306	1,889,732	5.7	4.4	6/30/90
153. Purdue University (West Lafayette, Ind.)	32,566,113	683,557,482	n/a	—	—	6/30/91
154. Wellesley College (Mass.)*	32,350,000	80,000,000	2,700,000	8.3	3.4	6/30/91
155. People-to-People Health Foundation/Project HOPE (Millwood, Va.)	32,285,000	49,217,000	2,411,000	7.5	4.9	6/30/91
156. Georgia Institute of Technology (Atlanta)	32,183,182	214,617,648	2,058,000	6.4	1.0	6/30/91
157. University of Texas Medical Branch at Galveston*	32,153,792	433,570,000	316,500	1.0	0.1	8/31/90
158. Rice University (Houston)	32,107,473	n/a	1,472,004	4.6	—	6/30/91
159. Leukemia Society of America (New York)	32,102,306	32,493,256	3,669,304	11.4	11.3	6/30/90
160. American Friends of the Hebrew University (New York)*	32,059,000	53,435,000	6,871,000	21.4	12.9	9/30/90
161. University of Tennessee (Knoxville)*	32,002,044	n/a	6,300,000	19.7	—	6/30/91
162. Junior Achievement (Colorado Springs)	31,990,200	56,893,900	4,539,800	14.2	8.0	6/30/90
163. University of Houston[10]	31,893,997	n/a	n/a	—	—	6/30/90
164. Hanover College (Ind.)[10]	31,330,757	n/a	n/a	—	—	6/30/90
165. Food for the Hungry (Scottsdale, Ariz.)	31,186,078	36,194,084	1,383,957	4.4	3.8	12/31/90
166. Smith College (Northampton, Mass.)	30,867,763	33,868,855	n/a	—	—	6/30/91
167. American Society for Technion–Israel Institute of Technology (New York)*	30,692,000	42,032,000	5,188,000	16.9	12.3	9/30/90
168. University of Texas Southwestern Medical Center at Dallas[10]	30,662,906	n/a	n/a	—	—	6/30/90
169. United Way of Central Maryland (Baltimore)	30,570,721	30,809,769	2,329,102	7.6	7.5	6/30/91
170. National Merit Scholarship Corporation (Evanston, Ill.)	30,342,947	36,621,115	490,545	1.6	1.3	5/31/90
171. Young Life (Colorado Springs)	30,309,027	44,636,103	4,808,356	15.9	10.8	9/30/90
172. WTTW/Channel 11 (Chicago)	30,105,380	33,772,000	4,384,510	14.6	13.0	6/30/91
173. University of Kansas (Lawrence)*	29,968,746	576,290,826	2,607,817	8.7	0.5	6/30/91
174. Syracuse University (N.Y.)*	29,873,000	n/a	3,260,000	10.9	—	6/30/91
175. San Francisco Foundation	29,746,522	29,746,522	215,000	0.7	0.7	6/30/91
176. University of South Florida (Tampa)	29,562,967	367,729,293	928,390	3.1	0.3	6/30/90
177. Jewish Federation of Greater Philadelphia*	29,070,000	35,331,100	3,675,400	12.6	10.4	8/31/91
178. Rhode Island Foundation (Providence)[23]	28,865,850	n/a	n/a	—	—	12/31/90
179. United Way of Franklin County (Columbus, Ohio)	28,858,132	29,585,901	1,244,432	4.3	4.2	3/31/91
180. Georgetown University (Washington)[10]	28,565,286	n/a	n/a	—	—	6/30/90
181. U.S. Committee for UNICEF (New York)	28,451,000	35,458,000	n/a	—	—	9/1/91
182. University of California at Davis[10]	28,171,603	n/a	n/a	—	—	6/30/90

* Organization is engaged in a capital, endowment, or other special campaign.

n/a: not available

For numbered footnotes, see Pages 30 and 31.

Chart continues on Page 24.

No. 1: Despite Its High Visibility, the Salvation Army Is Often Misunderstood

By KRISTIN A. GOSS

ALEXANDRIA, VA.

THE SALVATION ARMY, one of the largest and most visible non-profit enterprises in the country, is also one of the least understood.

Fact No. 1: The Salvation Army is classified by the Internal Revenue Service as a church. But it is primarily known for its charity work, through which members of the Salvationist denomination practice their faith. Through its 2,500 specialized facilities and 7,500 volunteer groups nationwide, the Army provides virtually every human service imaginable: rehabilitation centers for alcohol and drug abusers, shelters for the homeless, summer camps for poor kids, halfway houses and job-training programs for released prisoners, disaster-relief operations, low-cost housing for senior citizens, and recreational facilities for members of the armed forces, among others. The Army helped more than 27 million people last year.

For those services, the Army received more than $658-million in private contributions in 1990 alone, making it No. 1 in the Philanthropy 400. It also received $140-million from federal, state, and local governments, and its total income was more than $1.2-billion.

As a church, the Army also runs 1,100 "corps community centers," where the nation's 445,000 Salvationists worship. Only a fraction of them are full-time charity workers.

Here is how the Army's literature describes the organization's dual identity: "a religious and social-service organization—a militant branch of the Christian Church—dedicated to the never-ending battle against the twin enemies, sin and despair. In a balanced ministry to body, mind and soul it seeks not only to improve the physical environment and to provide for the material needs of those it serves, but also to lead the lost into a saving, personal relationship with the Lord Jesus Christ."

Fact No. 2: The Army is not a military body, but it looks and talks like one.

Founded in 1865 by William Booth, a Methodist minister who had left the church and begun evangelistic meetings under a tent on London's East End, the group's first parishioners were prostitutes, drunkards, and wayward souls who called themselves "The Hallelujah Army." In 1878 Booth renamed his congregation "The Salvation Army" because its members preached salvation through Jesus Christ. The first Salvation Army meeting in the United States was held in 1879 in Philadelphia.

Today the Army's clergymen are called "officers." They hold ranks from lieutenant to commander, wear military-style uniforms, and often call Army service centers "citadels." All soldiers, as church members are called, must sign the Army's "Articles of War," a series of pledges to live a clean and Christian life.

The Army maintains a rigid organizational hierarchy. Its national headquarters are in a new, $10.8-million building complex here. The national office oversees the operations of four territories—each of which has its own "commander"—which in turn oversee a total of 38 divisions. The local units report to the divisional headquarters.

Fact No. 3: The Salvation Army officer who runs the local homeless shelter isn't paid a salary. Instead, the Army provides its 5,100 officers with housing, a car, and a modest living allowance—$237 a week for a top-ranking official with 45 years' experience. (The Army's 40,000 clerical and other lay employees are paid salaries competitive with other employers.)

Strong Support From Donors

The Army's idiosyncrasies haven't kept it from winning the financial support of donors and the respect of other charity leaders.

"The Salvation Army is an organization which has deliberately undertaken a wide scope of responsibilities and has been able to discharge many of those with great success," says David M. Cooney, president of Goodwill Industries, which provides rehabilitation programs for disabled people.

THE SALVATION ARMY NATIONAL HEADQUARTERS

The Salvation Army provides virtually every human service imaginable, from shelters for the homeless to summer camps for poor kids. Here, Army disaster-relief workers help out in an emergency.

"First, they know what their job is. Second, they're well managed, and they train their people to be good managers," he says. "All that is based on real deep Christian faith, and, as a result, they get a lot done with a very small number of resources."

Mr. Cooney has just one disagreement with the Army, and it was widely publicized last year when a Labor Department advisory body that he chaired took the Army to task for its policy of not paying wages to the drug addicts and alcoholics who repair small appliances and do odd jobs as part of the Army's rehabilitation programs.

Bob Cuccia, a Labor Department spokesman, said the department currently had no position on whether the Army's rehabilitation programs were subject to federal minimum-wage and overtime laws.

In 1989, when a Washington-area shopping mall barred the Army's Christmas bell-ringers, Barbara Bush went shopping at a different mall and dropped a $10 bill into an Army kettle there. The Army credited Mrs. Bush's little act of protest—which was widely publicized—with increased contributions that holiday season.

This year Mrs. Bush is serving as honorary chairperson of the Army's Christmas drive.

"They do an incredible job of interpreting what they do to the public in general and therefore are phenomenally successful in raising money," says W. Mark Clark, executive director of Travelers Aid International, whose 52 agencies work with and include local Salvation Army units.

Wide Local Variations

Like most charities, the Army's local operations vary in quality and in their willingness to work with other groups, say people who have worked with them.

Says Fred Karnas, executive director of the National Coalition for the Homeless in New York: "In some places, they are willing to be a team player, and in others, they say, 'We've been doing this for a long time, and we don't want to bother ourselves cooperating with other groups.' "

Next year, the Army expects to implement a long-range plan, known as "Vision 2000," which calls for an evaluation of all existing programs and recommends that the group set new priorities for the next millennium. The group has not done a comprehensive study of its effectiveness in a decade.

Regardless of strengths and weaknesses in local Army programs, social workers and charity officials praise the group for its fierce commitment to saving forgotten souls in the most blighted pockets of the country.

Says Richard A. English, dean of Howard University's School of Social Work: "They do an incredible job in responding to emerging needs in urban environments—particularly homelessness, hunger, abandonment of children—and being on the streets where people are."

He adds: "I don't know what we'd do in America if we didn't have the Salvation Army."

Leaders in Different Categories

Overall rank	Top 10 Human-Services Groups
1.	Salvation Army
2.	American Red Cross
3.	United Jewish Appeal (National)
4.	Second Harvest
8.	Catholic Charities USA
9.	YMCA of the U.S.A.
12.	YWCA of the U.S.A. (New York)
21.	Jewish Community Centers Association
62.	Covenant House
84.	Disabled American Veterans

Overall rank	Top 10 Health Charities
5.	American Cancer Society
6.	American Heart Association
15.	Shriners Hospitals
26.	March of Dimes
30.	Muscular Dystrophy Association
36.	Planned Parenthood
37.	American Lung Association
42.	National Easter Seal Society
43.	ALSAC–St. Jude's Children's Research Hospital
58.	Arthritis Foundation

Overall rank	Top 10 Youth Groups
11.	Boy Scouts of America
16.	Boys and Girls Clubs of America
23.	Campus Crusade for Christ
49.	Girl Scouts of the USA
60.	Big Brothers/Big Sisters
162.	Junior Achievement
171.	Young Life
200.	Girls Incorporated
230.	Father Flanagan's Boys' Home
270.	Camp Fire

Overall rank	Top 10 International-Relief Groups (excluding groups classified elsewhere)
18.	Catholic Relief Services
19.	World Vision
34.	Christian Children's Fund
46.	Save the Children
57.	Feed the Children
65.	CARE
86.	AmeriCares
90.	Brother's Brother Foundation
113.	Compassion International
143.	Church World Service

Overall rank	Top 10 Universities
10.	Harvard University
13.	Stanford University
14.	Cornell University
17.	University of Pennsylvania
20.	Yale University
22.	Columbia University (New York)
24.	Duke University
25.	Johns Hopkins University
27.	U. of California at Berkeley
28.	University of Illinois

Continued on Page 24

THE PHILANTHROPY 400

Overall rank	
	Top 10 Environmental and Animal-Related Groups
72.	Nature Conservancy
88.	Ducks Unlimited
136.	World Wildlife Fund
142.	Greenpeace USA
239.	North Shore Animal League
268.	Trust for Public Land
304.	Humane Society of the U.S.
314.	Wilderness Society
326.	Environmental Defense Fund
331.	Natural Resources Defense Council
	Top 10 Museums and Libraries
89.	Metropolitan Museum of Art
211.	New York Public Library
213.	National Gallery of Art
216.	Art Institute of Chicago
255.	Colonial Williamsburg
260.	Los Angeles County Museum of Art
266.	Statue of Liberty–Ellis Island
280.	The Carnegie
305.	U.S. Holocaust Memorial Council
338.	Ronald Reagan Presidential Foundation
	Top 5 Performing-Arts Groups
41.	Lincoln Center
116.	Metropolitan Opera (New York)
238.	Music Center of Los Angeles County
330.	John F. Kennedy Center
353.	Boston Symphony Orchestra
	Top 5 Public-Broadcasting Groups
48.	WNET (New York)
81.	WGBH (Boston)
172.	WTTW (Chicago)
187.	WETA (Washington)
205.	KCET (Los Angeles)

How the Philanthropy 400 Was Compiled

In most cases, information was provided by the organizations themselves, which were sent a questionnaire. Many sent their annual reports or copies of their federal informational tax returns, Internal Revenue Service Forms 990.

To make the list as complete as possible, that information was supplemented with data from the Columbus Foundation (for community foundations), the Council for Aid to Education (for colleges and universities), and United Way of America.

Every effort was made to identify all organizations that should be included in the Philanthropy 400. However, because of the size and diversity of the non-profit world, some organizations may have been missed. Any organizations that feel they were overlooked should write to Philanthropy 400, *The Chronicle of Philanthropy*, 1255 23rd Street, N.W., Washington 20037.

The Philanthropy 400 was compiled by Christopher Ott and members of *The Chronicle*'s reporting staff.

	Private support	Total income	Fund-raising costs			Year ending
			Amount	Percentage of private support	Percentage of total income	
183. University of Georgia (Athens)[10]	**$28,151,097**	n/a	n/a	—	—	6/30/90
184. PLAN International USA (Warwick, R.I.)	**28,089,689**	30,466,534	4,776,541	17.0	15.7	6/30/91
185. United Jewish Federation of Metro West (East Orange, N.J.)*	**28,000,000**	28,000,000	3,600,000	12.9	12.9	12/31/90
186. Wake Forest University (Winston-Salem, N.C.)	**27,735,000**	377,414,000	4,045,000	14.6	1.1	6/30/91
187. WETA (Washington)	**27,605,000**	34,144,000	4,288,000	15.5	12.6	6/30/90
188. Tulane University (New Orleans)*	**27,500,000**	n/a	6,300,000	22.9	—	6/30/91
(tie). University of Oklahoma (Norman)*	**27,500,000**	n/a	1,485,905	5.4	—	6/30/91
190. University of Cincinnati[10]	**27,421,213**	n/a	n/a	—	—	6/30/90
191. Oral Roberts Evangelistic Association (Tulsa)	**27,417,536**	29,610,775	2,385,923	8.7	8.1	7/31/90
192. University of Maryland (College Park)[10]	**27,318,739**	n/a	n/a	—	—	6/30/90
193. Oklahoma State University (Oklahoma City)	**27,288,872**	321,780,866	2,646,879	9.7	0.8	6/30/91
194. Rutgers University (New Brunswick, N.J.)[10]	**27,228,834**	n/a	n/a	—	—	6/30/90
195. Jewish Welfare Federation of Detroit*	**27,227,464**	n/a	1,715,330	6.3	—	12/31/90
196. United Jewish Appeal Federation of Greater Washington*	**26,820,000**	29,910,000	2,200,000	8.2	7.4	6/30/91
197. University of Texas Health Science Center at San Antonio*	**26,755,036**	185,000,000	201,238	0.8	0.1	8/31/90
198. University of Kentucky (Lexington)	**26,735,634**	n/a	1,445,113	5.4	—	12/31/90
199. Heart of America United Way (Kansas City, Mo.)	**26,691,267**	32,519,832	2,090,667	7.8	6.4	12/31/90
200. Girls Incorporated (New York)	**26,608,284**	39,940,000	n/a	—	—	12/31/89
201. United Way of Central Indiana (Indianapolis)	**26,268,131**	27,203,488	1,954,238	7.4	7.2	12/31/90
202. U.S. Olympic Committee (Colorado Springs)	**26,033,000**	48,220,000	5,615,000	21.6	11.6	12/31/90
203. The ARC (formerly Association for Retarded Citizens) (Arlington, Tex.)	**26,009,038**	463,946,605	2,653,832	10.2	0.6	12/31/89
204. Rush–Presbyterian–St. Luke's Medical Center (Chicago)*	**25,953,846**	659,446,000	1,500,000	5.8	0.2	6/30/90
205. KCET Community Television of Southern California (Los Angeles)	**25,871,435**	35,095,477	6,146,824	23.8	17.5	6/30/90
206. United Way of the Capital Area (Hartford, Conn.)	**25,716,000**	26,972,587	1,677,500	6.5	6.2	12/31/90
207. Arizona State University (Tempe)[10]	**25,712,211**	n/a	n/a	—	—	6/30/90
208. Chicago Community Trust	**25,702,315**	48,835,102	n/a	—	—	9/30/90
209. Juvenile Diabetes Foundation International (New York)*	**25,582,110**	27,645,759	5,480,808	21.4	19.8	6/30/90
210. United Way of San Diego County	**25,456,088**	27,001,260	2,711,142	10.7	10.0	6/30/91
211. New York Public Library*	**25,385,000**	153,897,000	4,721,997	18.6	3.1	6/30/90
212. United Way of Santa Clara County (Santa Clara, Cal.)[12]	**25,353,933**	n/a	n/a	—	—	12/31/90
213. National Gallery of Art (Washington)	**25,200,000**	n/a	568,262	2.3	—	6/30/90
214. Washington State University (Pullman)[10]	**24,975,109**	n/a	n/a	—	—	6/30/90
215. Rockefeller University (New York)[10]	**24,910,442**	n/a	n/a	—	—	6/30/90
216. Art Institute of Chicago	**24,815,279**	107,342,015	4,431,439	17.9	4.1	7/31/91
217. New York Hospital	**24,800,712**	529,605,749	2,276,688	9.2	0.4	12/31/90
218. National Academy of Sciences Complex (Washington)[24]	**24,797,513**	189,660,706	902,225	3.6	0.5	6/30/90
219. Baylor College of Medicine (Houston)[10]	**24,788,307**	n/a	n/a	—	—	6/30/90
220. Rush University (Chicago)[10]	**24,769,276**	n/a	n/a	—	—	6/30/90
221. Oregon State University (Corvallis)	**24,325,481**	31,171,162	3,068,728	12.6	9.8	6/30/91
222. Saint Louis University*	**24,304,577**	435,303,000	1,804,227	7.4	0.4	6/30/[illegible]1
223. Brandeis University (Waltham, Mass.)*	**24,113,963**	n/a	3,372,757	14.0	—	6/30/91
224. Rensselaer Polytechnic Institute (Troy, N.Y.)*	**24,113,126**	n/a	2,754,124	11.4	—	6/30/91
225. Baylor University (Waco, Tex.)*	**23,915,586**	157,705,612	1,971,060	8.2	1.2	5/31/91
226. United Service Organizations (the USO) (Washington)*	**23,827,825**	34,744,870	1,338,805	5.6	3.8	12/31/90
227. Combined Jewish Philanthropies of Greater Boston*	**23,718,000**	24,034,233	1,810,516	7.6	7.5	9/30/91
228. Christian Appalachian Project (Lancaster, Ky.)	**23,681,785**	25,368,403	5,051,068	21.3	19.9	8/31/90
229. American Bible Society (New York)	**23,262,994**	42,717,090	8,213,335	35.3	19.2	12/31/90
230. Father Flanagan's Boys' Home (Boys Town, Neb.)	**23,104,509**	55,321,614	6,622,474	28.7	12.0	12/31/90
231. United Way of Greater Milwaukee	**22,730,089**	23,361,634	1,119,761	4.9	4.8	12/31/90
232. Mile High United Way (Denver)	**22,709,039**	23,140,498	2,102,262	9.3	9.1	12/31/90
233. United Way of Metropolitan Tarrant County (Fort Worth)	**22,456,391**	23,369,214	1,058,378	4.7	4.5	12/31/90
234. Weizmann Institute of Science (New York)	**22,396,174**	34,528,357	4,075,427	18.2	11.8	9/30/90
235. American Friends Service Committee (Philadelphia)	**22,339,436**	28,497,743	2,570,050	11.5	9.0	9/30/90
236. University of California at Irvine	**22,181,487**	n/a	n/a	—	—	6/30/91
237. Loma Linda University (Cal.)*	**22,117,000**	50,296,645	950,000	4.3	1.9	6/30/91
238. Music Center of Los Angeles County	**22,116,667**	26,759,401	1,948,549	8.8	7.3	6/30/90
239. North Shore Animal League (Port Washington, N.Y.)	**22,047,485**	26,125,383	7,351,333	33.3	28.1	12/31/90
240. Clemson University (S.C.)*	**22,038,805**	n/a	1,925,202	8.7	—	6/30/91
241. Southern Methodist University (Dallas)	**21,960,309**	163,793,000	n/a	—	—	5/31/90

* Organization is engaged in a capital, endowment, or other special campaign. n/a: not available For numbered footnotes, see Pages 30 and 31.

Chart continues on Page 26.

No. 88: Ducks Unlimited Seeks to Capitalize on New Public Interest in Wetlands

By STEPHEN G. GREENE

DUCKS UNLIMITED PROJECT
CONSERVING WETLANDS
FOR
NORTH AMERICA'S WATERFOWL

GLENN D. CHAMBERS/DUCKS UNLIMITED, INC.

Ducks Unlimited focuses on protecting and reconstructing wetlands, using control structures like the one being built here.

FORMED BY HUNTERS more than 50 years ago to preserve the habitats of North American waterfowl, Ducks Unlimited is now trying to to capitalize on growing public support for conservation of wetlands.

"Wetlands are not just where ducks grow, they are the lungs and liver of the ecosystem," says John Cummuta, the organization's director of membership marketing. "DU is the only major conservation organization in North America that's literally putting wetlands back on the map."

The continent has lost more than half of its wetlands since European settlers arrived, and its remaining swamps, marshes, and prairie potholes continue to be drained for agricultural, commercial, or residential uses at a rate of some 400,000 acres a year. That loss, along with environmental degradation, has decreased the populations of many species of waterfowl.

$52-Million Last Year

Ducks Unlimited—which raised $52-million in private contributions last year—works with federal and state agencies, other non-profits, and private landowners to identify, protect, restore, or re-create the wetlands critical to the successful breeding, wintering, and migration of ducks and geese. Staff scientists and engineers build impoundments or restore and manage natural swamps and marshes that are home not only to waterfowl but to hundreds of other wildlife species.

Despite the organization's age and size, Ducks Unlimited remains little known—primarily because of its non-confrontational style and the low-key way in which it has evolved. For decades, it expanded its membership solely through personal contacts, as members invited prospective recruits to the annual fund-raising dinners, trap shoots, and other events—some 5,000 each year—that generate most of the organization's revenue.

"Ducks Unlimited was probably the largest organization in the world where you had to know somebody to get in," observes Mr. Cummuta. But a couple of years ago, he notes, "we decided that our membership structure was maturing, and that there were many markets out there that would not be reached" by the traditional word-of-mouth methods.

Last year, therefore, Ducks Unlimited for the first time began to use direct mail to solicit new members. The results were encouraging: The mailings brought in more than 20,000 members, raising overall membership to some 515,000—up from 507,000 the previous year. They also reversed a slow decline from the organization's high-watermark years in the mid-1980's, when membership topped 550,000.

Organization officials attribute that drop in part to Ducks Unlimited's own success, which spawned imitators that cut into its support.

The organization is now trying to bolster its base of support in other ways, as well. Although waterfowl hunters still constitute some 60 per cent of its members, it has placed increasing emphasis on educating "the conservationists of tomorrow." Children up to age 11 who pay $5 a year receive a subscription to *Puddler* magazine, while youths from 12 to 17 receive *Ducks Unlimited*, a bimonthly magazine that also goes to adult members. Adults pay a minimum of $20 a year.

Overwhelmingly Male

Ducks Unlimited continues to be overwhelmingly male, though officers say they are trying to attract more women, who now constitute fewer than 5 per cent of its members. Among the members are President Bush, Governor Bill Clinton of Arkansas, and Gen. Norman Schwarzkopf.

Because many North American waterfowl breed in northern Canada and winter in Mexico, two sister organizations—Ducks Unlimited Canada and Ducks Unlimited de Mexico—play critical roles in conserving waterfowl habitats at both ends of the major North American flyways. Of the 5.5 million acres that Ducks Unlimited says it has preserved or restored since its founding in 1937, in fact, more than 4 million acres are in Canada.

Volunteers across the continent organize the local fund-raising events. About 160 paid staff members work in regional offices across the United States, while an equal number are in the organization's national office in a Chicago suburb. That headquarters, along with the newly created Institute for Wetlands and Waterfowl Research, will move next year to Memphis, where living costs are lower.

Because Ducks Unlimited seldom lobbies Congress and much prefers cooperation to litigation, it is sometimes grouped with rod-and-gun clubs rather than with environmental organizations.

"They are an environmental group on one level," notes one wildlife biologist who has worked with Ducks Unlimited, "but they are also about getting ducks into the air, and to some extent about shooting them." When rebuilding wetlands, the organization tends to provide conditions that maximize duck production rather than those that more nearly duplicate the site's original biological diversity.

"I see them as being a useful ally with a fairly different perspective—that you can't produce ducks without protecting the ecosystem," says the biologist, who requested anonymity.

"We don't apologize for being an organization of hunters," responds Mr. Cummuta, who says hunting has far less impact on waterfowl populations than do factors like rainfall and winter snow cover. Indeed, the group says in its literature that "hunters have undeniably proven to be this century's most effective conservationists."

"We're not just throwing our bodies in front of the plow; we're doing something positive," says Mr. Cummuta.

He adds: "Duck hunters love ducks. Sure they shoot a few, and even have some for dinner, but they spend most of their time watching them." His organization, he says, is working to insure that there will be plenty of ducks and geese for future generations to enjoy—on the plate or on the wing.

No. 200: Lions Clubs International Foundation Seeks $130-Million to Fight Blindness

LIONS CLUBS INTERNATIONAL

Helping the blind has always been an important part of the Lions Clubs' philanthropic work. Here, a volunteer aids a blind water skier.

By JENNIFER MOORE

WHILE THE MOTTO of the International Association of Lions Clubs and its 40,000 affiliates—"We serve"—has not changed during the Lions' 75-year history, the scope of that phrase certainly has.

"Historically, Lions Clubs didn't look much beyond their own communities," says Patrick F. Cannon, a spokesman for the international association, which is located in Oak Brook, Ill. "They basically took care of their own. But now Lions are in a situation where the clubs can continue to take care of their own, while also recognizing that they can solve international problems."

No figures are kept by the international office on the fund-raising efforts of local clubs, but the Lions Clubs International Foundation has seen steady growth since it was created in 1968. In the past decade, its revenue has mushroomed, from $2.3-million in 1981 to $22.6-million in 1991. Last year it grew by 13 per cent. John McGee, manager of development for the foundation, says the increase may be due in part to money raised in conjunction with the clubs' 75th anniversary.

The foundation distributes money internationally to district associations made up of several Lions clubs, as well as to non-profits not directly affiliated with the Lions, that run programs in three main areas: humanitarian service, relief for major disasters, and vocational training.

The foundation has several special designations for its donors: "Contributing members" give at least $10, "honor-roll members" give at least $100, and Melvin Jones Fellows (named for the founder of the Lions Clubs) make a contribution of $1,000 or more. Some 46,500 people have become fellows by giving $1,000 or more during their lifetimes.

One of the organization's major international projects is its SightFirst campaign, a three-year effort announced in mid-1990 to raise $130-million in 171 countries to "conquer blindness." The Lions first took up the fight to prevent blindness in 1925 when Helen Keller challenged the clubs to become "knights of the blind in the crusade against darkness."

Money contributed to the campaign will be given to local Lions Clubs that are working on ways to prevent or treat blindness.

Funds Sought From New Sources

John William Murphy, campaign director for SightFirst, stresses that the money raised for the project should come from new sources or be in addition to traditional gifts to the foundation. "We don't want the other good things the foundation does to suffer because of the campaign," he says. So far, $750,000 has been raised.

In their international efforts to provide eye care and prevent blind-

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THE PHILANTHROPY 400

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ness, the Lions clubs are teaming up with a number of other groups, including the World Health Organization. "The Lions are already doing good work, but now they are more organized," says Juan Carlos Silva, adviser for the prevention of blindness for the Pan American Health Organization. "We expect them to have even more of an impact in the future."

Local projects organized by Lions Clubs vary greatly, but members often recruit organ donors, help provide eyeglasses and eye examinations for the poor, sponsor youth camps and international-exchange programs for students, and organize classes on the dangers of drug abuse.

One significant change for all Lions Clubs was the decision in 1987 to allow women to become members. The Lions voted to amend their constitution following a Supreme Court decision that said a Rotary Club in California could not bar women from becoming members. In the past, women (usually wives of Lions Club members) worked through separate Lioness Clubs, which are now being phased out. An estimated 40,000 women worldwide have joined Lions Clubs so far.

Generally recognized as the largest service organization, with an estimated 1.4-million members, the Lions have been trying to increase their membership by placing special emphasis on "making the association a very attractive service option for women," says Mr. Cannon. "We keep looking for things we could change to make our clubs more attractive to a broader scope of people."

Pancakes, Spaghetti, and Golf

Most clubs still rely on traditional staples of fund raising, such as pancake breakfasts, spaghetti dinners, and golf tournaments, but the scope of those events has grown as clubs have become more sophisticated in their organization of the events, says Mr. Cannon. Many of the groups have started holding events that highlight the culinary specialities of the region, such as lobster bakes in New England and gumbo festivals in Louisiana.

Over the last several years, the Lions have launched an aggressive public-relations campaign intended to increase awareness about the clubs and what they do. In a survey completed last December by the international association, 60 per cent of the people who responded said they were not very familiar with the Lions, and one-third of those who said they were somewhat familiar with the clubs could not identify the causes they support.

Mr. Cannon says recent increases in donations and new members show that efforts to educate the public about the Lions have been paying off. He adds: "If we continue to be ambitious in what we want to do, I believe the association is entering its greatest era ever."

	Private support	Total income	Fund-raising costs			Year ending
			Amount	Percentage of private support	Percentage of total income	
242. New York Community Trust	**$21,891,031**	$112,329,300	n/a	—	—	12/31/90
243. National Public Radio (Washington)	**21,548,110**	51,585,161	906,373	4.2	1.8	9/30/90
244. Food for the Poor (Deerfield Park, Fla.)	**21,545,000**	22,002,577	779,579	3.6	3.5	12/31/90
245. University of South Carolina at Columbia[10]	**21,407,496**	n/a	n/a	—	—	6/30/90
246. Lehigh University (Bethlehem, Pa.)*	**21,427,267**	141,615,620	2,665,000	12.4	1.9	6/30/91
247. United Way of San Antonio and Bexar County (Tex.)[12]	**21,339,461**	n/a	n/a	—	—	12/31/90
248. Massachusetts General Hospital (Boston)*	**21,314,000**	62,403,000	2,372,000	11.1	3.8	9/30/90
249. Carter Center (Atlanta)*	**21,132,868**	22,952,104	711,031	3.4	3.1	8/31/90
250. Louisville Community Foundation (Ky.)	**20,866,388**	23,358,987	403,359	1.9	1.7	6/30/90
251. Habitat for Humanity International (Americus, Ga.)	**20,716,048**	20,716,048	6,839,075	33.0	33.0	12/31/90
252. United Way of the Columbia-Willamette (Portland, Ore.)	**20,500,000**	21,000,000	1,500,000	7.3	7.1	12/31/90
253. United Way of Dade County (Miami)	**20,476,177**	23,699,291	1,666,366	8.1	7.0	6/30/90
254. North Carolina State University (Raleigh)	**20,427,753**	26,400,382	2,000,608	9.8	7.6	6/30/90
255. Colonial Williamsburg Foundation (Va.)	**20,387,801**	102,051,513	2,735,163	13.4	2.7	12/31/90
256. Hawaii Community Foundation (Honolulu)	**20,151,596**	22,433,014	46,486	0.2	0.2	12/31/90
257. United Jewish Federation of Pittsburgh*	**20,100,000**	20,100,000	596,571	3.0	3.0	12/31/90
258. Boston College*	**20,019,868**	275,879,000	2,773,197	13.9	1.0	5/31/90
259. Williams College (Williamstown, Mass.)[10]	**20,006,262**	n/a	n/a	—	—	6/30/90
260. Los Angeles County Museum of Art*	**19,967,853**	20,673,862	3,537,443	17.7	17.1	6/30/91
261. Christian Relief Services (Alexandria, Va.)	**19,883,484**	19,897,438	3,406,844	17.1	17.1	12/31/90
262. Amnesty International (New York)	**19,876,199**	23,979,865	6,505,953	32.7	27.1	9/30/90
263. National Mental Health Association (Alexandria, Va.)[25]	**19,746,738**	66,812,978	1,212,041	6.1	1.8	12/31/90
264. United Way of Orange County (Irvine, Cal.)	**19,686,393**	19,710,976	1,531,185	7.8	7.8	12/31/90
265. Pepperdine University (Malibu, Cal.)	**19,570,000**	130,248,000	n/a	—	—	7/31/91
266. Statue of Liberty–Ellis Island Foundation (New York)	**19,551,060**	21,092,000	2,800,000	14.3	13.3	3/31/91
267. Metro United Way (Louisville, Ky.)	**19,508,000**	19,900,000	1,200,000	6.2	6.0	12/31/90
268. Trust for Public Land (San Francisco)[26]	**19,461,000**	23,516,000	850,000	4.4	3.6	3/31/91
269. Hartford Foundation for Public Giving (Conn.)	**19,276,818**	n/a	n/a	—	—	9/30/90
270. Camp Fire (Kansas City, Mo.)	**19,207,459**	45,200,000	2,940,000	15.3	6.5	6/30/91
271. National Association for the Advancement of Colored People (New York)[27]	**19,095,000**	19,965,000	1,168,000	9.0[26]	8.4[26]	12/31/90
272. Prison Fellowship (Washington)	**19,010,000**	19,811,000	2,499,000	13.1	12.6	12/31/90
273. United Way of the St. Paul Area[12]	**18,972,660**	n/a	n/a	—	—	12/31/90
274. Armenian General Benevolent Union (Saddle Brook, N.J.)*	**18,657,932**	19,510,901	n/a	—	—	12/31/89
275. Columbus Foundation (Ohio)	**18,650,000**	31,600,000	368,000	2.0	1.2	12/31/90
276. Volunteers of America (Metairie, La.)*	**18,624,609**	239,167,010	3,555,979	19.1	1.9	6/30/90
277. Sacred Heart League (Walls, Miss.)	**18,584,362**	20,161,106	3,014,170	16.2	15.0	6/30/91
278. United Way of Greater Memphis[12]	**18,575,590**	n/a	n/a	—	—	12/31/90
279. Lions Clubs International Foundation (Oak Brook, Ill.)	**18,320,479**	22,589,437	1,053,877	5.8	4.7	6/30/91
280. The Carnegie (Pittsburgh)[28]*	**18,317,510**	37,844,649	1,409,800	7.7	3.7	12/31/90
281. Mennonite Central Committee (Akron, Pa.)[29]	**18,263,401**	25,097,715	2,724,000	14.9	10.9	11/30/90
282. United Way Services (Richmond)[12]	**18,191,025**	n/a	n/a	—	—	12/31/90
283. KQED (San Francisco)*	**18,188,787**	34,154,250	4,937,229	27.1	14.5	9/30/90
284. National Kidney Foundation (New York)*	**18,174,312**	24,146,403	1,954,476	10.8	8.1	12/31/90
285. Aloha United Way (Honolulu)[12]	**18,165,996**	n/a	n/a	—	—	12/31/90
286. Saint Paul Foundation	**18,120,766**	29,143,914	286,050	1.6	1.0	12/31/90
287. California Community Foundation (Los Angeles)	**18,096,391**	24,095,167	316,559	1.7	1.3	6/30/90
288. St. Labre Indian School (Ashland, Mont.)	**18,083,331**	19,881,525	5,789,213	32.0	29.1	1/31/91
289. United Way of Delaware (Wilmington)[12]	**18,080,002**	n/a	n/a	—	—	12/31/90
290. United Way of the Greater Dayton Area (Ohio)	**18,042,483**	18,286,604	n/a	—	—	12/31/90
291. United Way of Middle Tennessee (Nashville)[12]	**18,000,000**	n/a	n/a	—	—	12/31/90
292. Valley of the Sun United Way (Phoenix)*	**17,711,799**	17,711,799	n/a	—	—	12/31/90
293. Rochester Institute of Technology (N.Y.)[10]	**17,707,886**	n/a	n/a	—	—	6/30/90
294. Oregon Health Sciences University (Portland)*	**17,651,377**	349,373,259	517,570	2.9	0.1	6/30/91
295. United Way for the Greater New Orleans Area	**17,650,000**	17,650,000	1,027,000	5.8	5.8	12/31/90
296. Thomas Jefferson University (Philadelphia)[6]	**17,600,000**	515,000,000	1,000,000	5.7	0.2	6/30/91
297. United Way of Southeastern New England (Providence, R.I.)	**17,526,396**	18,107,129	1,079,634	6.2	6.0	12/31/90
298. Marquette University* (Milwaukee)	**17,500,000**	140,000,000	2,262,850	12.9	1.6	6/30/91
299. Kansas State University (Manhattan)[6]*	**17,444,149**	234,309,784	1,893,890	10.9	0.8	6/30/91
300. Jewish Federation of St. Louis*	**17,219,000**	21,175,000	822,000	4.8	3.9	12/31/90
(tie). United Way of Central Alabama (Birmingham)	**17,219,000**	17,219,000	623,404	3.6	3.6	12/31/90
302. Pomona College (Claremont, Cal.)	**17,138,956**	48,430,000	1,182,225	6.9	2.4	6/30/91

* Organization is engaged in a capital, endowment, or other special campaign.

n/a: not available

For numbered footnotes, see Pages 30 and 31.

Chart continues on Page 30.

No. 373: Mission Aviation Fellowship Fights Poverty With Prayer—and 88 Planes

By KRISTIN A. GOSS

AS CHARITIES everywhere look for new ways to fight poverty and disease, Mission Aviation Fellowship relies on two wings and a prayer.

Every four and a half minutes a light airplane owned by the Redlands, Cal.–based group takes off or lands somewhere in the third world, often on rugged airstrips in remote regions.

With a fleet of 88 planes and helicopters, the evangelical charity conducts relief and medical missions while spreading the Gospel of Christ to people in 17 of the world's least-developed countries.

Created by several Christian military pilots just after World War II, the group is not as well known as its larger brethren—such as World Vision, in nearby Monrovia, Cal.

But as a group that government agencies and charities can turn to for flights in and out of hard-to-reach places, Mission Aviation is an important player in international-relief efforts.

"We're a well-kept secret," says Maxwell H. Meyers, Mission Aviation's chief executive officer and a former pilot.

178,000 Passengers

Mission Aviation has grown steadily since it was founded in 1945 as the first organized effort to use airplanes for missionary work. The group—which works with similar organizations in Australia, Canada, and Great Britain—now has a budget of about $20-million, 100 employees in the United States, and 200 missionary families in countries such as Ecuador, Haiti, Indonesia, and Mozambique. Mission Aviation transported 178,000 passengers last year on 70,100 flights.

"They've got to take airplanes they've serviced and lift them off small runways and put them down in difficult spots. They do that extremely well," says Robert Seiple, president of World Vision.

Among Mission Aviation's recent or current projects: ferrying doctors, patients, and medicine for the government of Lesotho in southern Africa; setting up radio communications between remote medical clinics in Mali's Sahara Desert and the Ministry of Health in the capital city of Bamako; and evacuating Angolans in the final days of that country's civil war.

Mission Aviation's work is demanding and often dangerous. Every year or two one of its planes has crashed—there have been 48 fatalities since the group's founding 46 years ago.

Sometimes the group's missionaries face other unexpected difficulties. In October 1987, for example, a Mission Aviation pilot was kidnaped and held for two weeks by a rebel leader in Suriname who demanded flying lessons as ransom.

In late September, the charity had to evacuate its roughly 30 missionary families from Zaire after looting and rioting in Kinshasa, the capital, caused extensive damage to nine Mission Aviation airplanes and the theft of valuable aircraft parts, tools, and radio equipment. All told, the cost to the group was $1.2-million—of which $1.1-million has been raised through a special appeal started at the beginning of October.

Like most charities, Mission Aviation faces challenges at home, too.

The group has been plagued by periodic budget shortfalls caused by factors such as the high costs of placing new planes into service and unexpected medical and workers'-compensation costs.

In 1989, facing a $1-million deficit in its $21-million budget, the charity laid off 19 staff members. The deficit also caused Mission Aviation to make changes in how it raises money for its work.

While direct-mail appeals were once the mainstay of Mission Aviation's fund-raising efforts, Mr. Meyers says the charity is now working harder to find Christians and others capable of making large gifts and is giving greater personal attention to current donors. At the same time, he says, the organization is seeking to portray its efforts in such a way that bottom-line-conscious donors will respond.

Says Mr. Meyers: "I think everybody sort of still has in mind the 'Dr. Livingston, I presume' style of pioneer stuff that doesn't really resonate with the business people of this country."

Two years before the financial difficulties hit in 1989, Mission Aviation had established a Ministry Partnership Department, effectively an in-house fund-raising consulting division to help missionaries raise money for their work.

MISSION AVIATION FELLOWSHIP

Children at this Christian orphanage in Inshuem, Zaire, welcome Jon Lewis, who flies supplies in and out of remote places for Mission Aviation Fellowship.

As with many other missionary organizations, each of the group's roughly 200 families is expected to secure financial commitments from private donors before it leaves—at least $43,000 a year—to cover salaries and living expenses, says Van Syverson, the group's development director.

Spiraling Fuel Costs

In most cases, the addition of in-house fund-raising counselors has cut by at least half the amount of time missionaries are taking to raise enough money to leave for their assignments in the field. The program also has helped create closer ties between missionaries and the group's 12,000 supporters.

Mission Aviation faces another problem that has left many of its for-profit counterparts crippled or bankrupt: spiraling fuel and aircraft costs.

To increase efficiency, Mission Aviation has recently slashed flights-on-demand, except in emergencies. "Understand that we are trying to run in an industry that is, in scriptural terms, 'sick nigh unto death,' " Mr. Meyers says.

In its drive for "profitability," the charity has one big asset. In February it elected as its board chairman Bruce R. Kennedy, who has since retired as chairman of Alaska Air Group, which owns Alaska Airlines and Horizon Air, to devote himself full time to Christian philanthropy. Mr. Kennedy is widely respected in the airline industry, in large part because the near-bankrupt carrier that he bought in 1972 is now among the nation's few profitable airline companies.

For now, with its budget balanced or nearly so, Mission Aviation is about to embark on a new effort to raise its visibility. It has recently hired an outside publicist—Warren Duffy, who formerly worked for the television minister Robert Schuller—to help the charity produce articles, books, and news releases.

Says Mr. Meyers: "We're an evangelical organization. We see [our work] as part of the church, and yet it gives an opportunity for people to say, 'The church is doing some interesting things.' "

No. 288: St. Labre School Battles Poverty on 2 Indian Reservations

ST. LABRE INDIAN SCHOOL

First-grade students at St. Labre Indian School dance with traditional shawls as part of festivities to celebrate their heritage.

By JENNIFER MOORE

MOST PEOPLE might regard the $18-million in private money raised by the St. Labre Indian School Educational Association—a small Catholic-affiliated charity in tiny Ashland, Mont.—as something of a modern miracle. But the Rev. Emmett Hoffmann, the group's leader for 37 years and the man largely responsible for raising that money, views his efforts as little more than the minimum required to meet the needs of his community.

The association, started in 1884, operates four schools on the Northern Cheyenne and Crow Reservations: three small elementary schools and the larger St. Labre Indian School for kindergarten through high-school students.

Over 700 children, mostly from very poor families, attend those schools each year, either as day students or boarders. The association says nearly 80 per cent of graduates from the St. Labre Indian School enter college.

The association also runs the St. Labre Home for Indian Children and Youth, a temporary housing facility for young people who have crises at home, and it pays for several alcoholism-treatment programs and educational classes for people on the reservations.

Creating New Jobs

Another goal of the schools is to attack the high level of unemployment in the region by putting people to work at the school. About 65 per cent of its paid employees are American Indians. And when it kicked off its first aggressive fund-raising drive in 1954, it sought to create new jobs by hiring people from the reservations to help make items for a direct-mail campaign.

"I saw a lot of people with no

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THE PHILANTHROPY 400

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work to do, people with no means of livelihood or only seasonal jobs," says Father Hoffmann. He persuaded a friend who worked at a plastics-manufacturing plant in New York to make the pieces for small Indian-related items that could be assembled by people on the reservations and then sent to potential donors.

The first such campaign featured a doll named Johnny Walks Last that was dressed in nothing but a pair of fringed pants. Father Hoffmann enclosed a letter with the doll explaining that Johnny, like the students at the St. Labre schools, was too poor to buy clothes and needed the recipient's donation. Donors received a small shirt for Johnny in return.

New Fund-Raising Strategies

The schools relied on this type of fund raising for over 20 years, expanding into the sale of jewelry and other products made by Indians on the reservations. In the 1970's, contributions to the association had grown to about $6-million per year. But in 1977, increased costs for postage and plastic (due to the oil embargo) forced the group to shift its fund raising away from merchandise to simpler types of direct mail.

While the mail sent by the association today often includes a bookmark or a replica of an Indian-head penny, the focus of the piece is a long letter written by Father Hoffmann that provides details about one child at a St. Labre school and then discusses the general needs and successes of the schools. The association also sends a monthly newsletter to its donors.

The switch away from premiums came at about the time that the group started to use computers to generate personalized letters, maintain mailing lists, and keep accurate and up-to-date records on donors.

Father Hoffmann says the charity has now become fairly sophisticated in its approach, and has determined how often donors should be sent solicitations. He says that he also tests most mailing lists before purchasing them, buying only those that bring responses from at least 3 or 4 per cent of the people who receive the solicitation.

Still, the group has felt the chill of the recession. Its list of active donors has dropped by almost a third in the past two and a half years, from 300,000 to 200,000. "But the people that have stayed with us have given more," says Father Hoffmann, noting that the association saw a 2-per-cent increase in giving this year over 1990. He says the biggest challenge is to try to reach young people and include them in the pool of donors.

Individual gifts usually range from $5 to $100, but the association has also received a few large donations of $5,000 to $10,000. Most donors have never seen the St. Labre Indian School campus, which is about 125 miles east of Billings in a town with 200 residents, in addition to the students who live at the school. "We live in a town that's so small, there's not even a stoplight," says Fran Gillette, planned-giving officer for the school. "So everything we do is by mail."

Several long-time donors have made a special trip to visit the schools, like Lyda and Francis Nagel of Santa Monica, Cal., who started giving to the group about eight years ago. While the Nagels are neither American Indian nor Catholic, they recently made the St. Labre educational association the sole recipient of their charity.

"This friend of mine told me that there are Americans in this country that are right here and need as much help as people in other countries," says Mrs. Nagel. "And there's nothing more American than helping these Indian children."

For those who can't travel all the way to Ashland, the association has a video showing the schools and the association's other programs. It can be rented for $15 or purchased for $25.

	Private support	Total income	Fund-raising costs			Year ending
			Amount	Percentage of private support	Percentage of total income	
303. United Way of South Hampton Roads (Norfolk, Va.)[12]	**$17,055,861**	n/a	n/a	—	—	12/31/90
304. Humane Society of the United States (Washington)	**17,000,000**	18,700,000	1,100,000	6.5	5.9	12/31/90
305. U.S. Holocaust Memorial Council (Washington)*	**16,900,000**	24,500,000	3,200,000	19.0	13.1	9/30/91
306. Santa Clara University (Cal.)[10]	**16,649,148**	n/a	n/a	—	—	6/30/90
307. Northeastern University (Boston)*	**16,596,000**	277,704,000	1,770,000	10.7	0.6	6/30/91
308. University of Alabama at Birmingham*	**16,454,699**	630,992,836	766,167	4.7	0.1	9/30/90
309. Madison Community Foundation (Wis.)	**16,335,690**	18,077,656	n/a	—	—	12/31/90
310. College of William and Mary (Williamsburg, Va.)*	**16,269,584**	72,163,464	2,407,547	14.8	3.3	6/30/90
311. Heritage Foundation (Washington)	**16,267,579**	18,305,474	2,395,029	14.7	13.1	12/31/90
312. United Way of Buffalo and Erie County	**16,149,411**	17,563,071	695,099	4.3	4.0	10/31/90
313. United Way of Central Carolinas (Charlotte, N.C.)	**16,125,799**	17,082,664	n/a	—	—	12/31/90
314. Wilderness Society (Washington)	**15,928,593**	17,903,091	1,375,023	8.6	7.7	9/30/90
315. Epilepsy Foundation of America (Landover, Md.)	**15,848,907**	31,890,921	3,303,414	20.8	10.4	12/31/90
316. Interchurch Medical Assistance (New Windsor, Md.)[30]	**15,733,765**	15,747,765	4,747	8.1[24]	8.1[24]	6/30/91
317. University of Alabama (Tuscaloosa)	**15,729,733**	274,005,186	n/a	—	—	9/30/90
318. Bryn Mawr College (Pa.)*	**15,694,000**	48,383,000	1,260,000	8.0	2.6	5/31/91
319. George Washington University (Washington)[10]	**15,549,096**	n/a	n/a	—	—	6/30/90
320. Geisinger Foundation (Danville, Pa.)*	**15,500,000**	385,000,000	900,000	5.8	0.2	6/30/91
(tie). New School for Social Research (New York)*	**15,500,000**	83,000,000	1,400,000	9.0	1.7	6/30/91
322. Community Foundation for Palm Beach and Martin Counties (Fla.)[23]	**15,454,906**	n/a	n/a	—	—	12/31/90
323. Alzheimer's Association (Chicago)*[31]	**15,424,256**	18,073,804	3,947,739	25.6	21.8	12/31/90
324. WHYY (Philadelphia)	**15,400,000**	20,000,000	3,600,000	23.4	18.0	6/30/91
325. University of Richmond (Va.)*	**15,347,560**	n/a	1,680,000	10.9	—	6/30/91
326. Environmental Defense Fund (New York)*	**15,325,278**	16,884,500	2,175,374	14.2	12.9	9/30/90
327. Temple University (Philadelphia)	**15,300,000**	497,500,000	2,700,000	17.6	0.5	6/30/91
328. Citizens' Scholarship Foundation of America (St. Peter, Minn.)	**15,156,214**	17,826,215	340,489	2.2	1.9	6/30/91
329. United Way of Westchester and Putnam (White Plains, N.Y.)[12]	**15,119,466**	n/a	n/a	—	—	12/31/90
330. John F. Kennedy Center for the Performing Arts (Washington)	**15,059,515**	55,904,218	2,771,008	18.4	5.0	9/30/90
331. Natural Resources Defense Council (New York)	**15,001,905**	17,471,078	1,901,657	12.7	10.9	3/31/91
332. Tulsa Area United Way (Okla.)[12]	**14,960,920**	n/a	n/a	—	—	12/31/90
333. James Robison Evangelistic Association (Fort Worth)	**14,956,431**	17,066,244	1,721,111	11.5	10.1	12/31/90
334. American Foundation for AIDS Research (New York)	**14,928,326**	15,631,958	1,359,558	9.1	8.7	6/30/91
335. National Jewish Center for Immunology and Respiratory Medicine (Denver)	**14,858,000**	29,418,000	3,000,000	20.2	10.2	6/30/91
336. University of Louisville (Ky.)*	**14,733,636**	275,000,000	1,800,000	12.2	0.7	6/30/91
337. Howard University (Washington)*	**14,730,669**	447,329,735	2,002,238	13.6	0.5	6/30/90
338. Ronald Reagan Presidential Foundation (Los Angeles)*	**14,599,253**	15,294,587	578,740	4.0	3.8	12/31/90
339. Braille Institute (Los Angeles)*	**14,547,000**	20,003,000	979,000	6.7	4.9	6/30/91
340. Jewish Federation of Palm Beach County (West Palm Beach, Fla.)	**14,500,000**	15,000,000	1,400,000	9.7	9.3	8/31/90
341. Bowdoin College (Brunswick, Me.)[10]	**14,465,625**	n/a	n/a	—	—	6/30/90
342. Minnesota Medical Foundation (Minneapolis)	**14,383,550**	21,052,320	1,112,396	7.7	5.3	6/30/90
343. Texas Christian University (Fort Worth)*	**14,319,000**	82,848,864	1,358,931	9.5	1.6	5/31/91
344. Gay Men's Health Crisis (New York)	**14,270,000**	17,224,000	522,000	3.7	3.0	6/30/91
345. Milwaukee Jewish Federation*	**14,209,667**	18,248,119	707,294	5.0	3.9	6/30/91
346. National Wildlife Federation (Washington)	**14,116,000**	88,669,000	4,600,000	32.6	5.2	8/31/90
347. Mount Holyoke College (Mass.)*	**14,044,224**	n/a	2,111,620	15.0	—	6/30/91
348. Lafayette College (Easton, Pa.)	**14,001,487**	68,166,172	1,237,899	8.8	1.8	6/30/90
349. New York Zoological Society	**14,000,000**	47,000,000	2,200,000	15.7	4.7	6/30/91
350. Smithsonian Institution (Washington)	**13,939,000**	268,012,000	n/a	—	—	9/30/90

* Organization is engaged in a capital, endowment, or other special campaign. n/a: not available

[1] Includes funds from local Jewish federations that are distributed to other organizations, primarily the United Israel Appeal, and the American Jewish Joint Distribution Committee, to aid Jews in Israel and around the world. Local Jewish federations, the largest of which are listed separately in the Philanthropy 400, also raise money for local needs. Total fund-raising under the United Jewish Appeal umbrella was $1.1-billion.

[2] Majority of contributions are in the form of donated food, valued at the federal government rate of $2.10 per pound. Fund-raising percentages are calculated against actual cash donations of $1,500,019 and total cash income of $2,659,532.

[3] Based on information from 91 per cent of the affiliated organizations. Fund-raising expenditures include public relations. Contributions figures includes in-kind gifts.

[4] Contributions and total-revenue figures are based on reports from 898 of 960 local chapters.

[5] Figures are for the national headquarters plus estimates based on results from about 85 per cent of 420 local units. All fiscal years are 1989 but the closing dates vary.

[6] Total revenue figure is for fiscal 1990.

[7] Contributions figure includes in-kind gifts.

[8] Figures include World Vision Relief and Development and Brother to Brother International. Contributions figure includes in-kind gifts.

[9] Figures are totals for affiliated local organizations.

[10] Contributions figure is taken from data compiled by the Council for Aid to Education.

[11] Combined campaign for 10 arts organizations.

[12] Contributions figure is taken from data compiled by United Way of America and may include uncollected pledges.

[13] All figures are projected.

[14] Figures combine data from local councils for fiscal 1989 with national office figures for fiscal 1990.

[15] Includes Mount Sinai Hospital and Mount Sinai School of Medicine.

[16] Fund-raising arm of the Johns Hopkins Hospital and Johns Hopkins University School of Medicine. Contributions figure includes pledges.

	Private support	Total income	Fund-raising costs			Year ending
			Amount	Percentage of private support	Percentage of total income	
351. Special Olympics International (Washington)[32]	**$13,929,555**	$19,003,187	$3,698,911	26.6%	19.5%	6/30/90
352. Museum of Fine Arts Boston	**13,789,000**	65,745,000	721,223	5.2	1.1	6/30/90
353. Boston Symphony Orchestra	**13,720,000**	37,632,000	1,682,000	12.3	4.5	8/31/91
354. University of New Mexico (Albuquerque)[10]	**13,681,153**	n/a	n/a	—	—	6/30/90
355. Minneapolis Federation for Jewish Service	**13,673,835**	14,946,022	1,620,391	11.9	10.8	8/31/90
356. West Virginia University (Morgantown)*	**13,637,000**	319,482,790	1,227,372	9.0	0.4	6/30/91
357. Auburn University (Ala.)	**13,630,626**	n/a	1,539,734	11.3	—	9/30/90
358. Museum of Modern Art (New York)*	**13,613,066**	46,800,000	611,000	4.5	1.3	6/30/91
359. University of Oregon (Eugene)	**13,569,339**	n/a	1,200,302	8.8	—	6/30/90
360. Phillips Academy (Andover, Mass.)	**13,410,655**	31,281,000	1,693,000	12.6	5.4	6/30/91
361. Vassar College (Poughkeepsie, N.Y.)[10]	**13,410,503**	n/a	n/a	—	—	6/30/90
362. Jewish Community Foundation (Los Angeles)	**13,407,672**	20,639,949	430,498	3.2	2.1	12/31/90
363. Berea College (Ky.)*	**13,400,461**	n/a	1,327,030	9.9	—	6/30/91
364. Orchestral Association (Chicago Symphony)*	**13,342,000**	30,112,000	1,470,000	11.0	4.9	6/30/91
365. Jewish Family Services (Los Angeles)	**13,309,369**	18,443,546	98,648	0.7	0.5	8/31/90
366. Oklahoma City Community Foundation[23]	**13,200,000**	n/a	n/a	—	—	12/31/90
367. Cal Farley's Boys Ranch and Affiliates (Amarillo, Tex.)	**13,189,000**	39,058,000	1,414,000	10.7	3.6	4/30/91
368. Masonic Homes at Elizabethtown of the Grand Lodge (Elizabethtown, Pa.)	**13,058,369**	47,429,156	170,513	1.3	0.4	12/31/90
369. Illinois Institute of Technology (Chicago)*	**12,776,659**	59,000,000	1,390,199	10.9	2.4	5/31/91
370. United Way Sacramento Area (Cal.)	**12,700,513**	13,252,910	1,497,383	11.8	11.3	12/31/90
371. Davidson College (N.C.)[10]	**12,638,926**	n/a	n/a	—	—	6/30/90
372. Julliard School (New York)	**12,518,235**	40,220,801	620,667	5.0	1.5	6/30/90
373. Mission Aviation Fellowship (Redlands, Cal.)	**12,422,095**	20,560,188	1,341,793	10.8	6.5	9/30/90
374. Greater Kansas City Community Foundation (Mo.)	**12,387,909**	15,519,198	n/a	—	—	1/31/91
375. United Way of Greater Toledo (Ohio)	**12,358,029**	14,963,185	964,229	7.8	6.4	12/31/90
376. Wesleyan University (Middletown, Conn.)[10]	**12,310,449**	n/a	n/a	—	—	6/30/90
377. Children's National Medical Center (Washington)*	**12,282,207**	270,000,000	3,130,911	25.5	1.2	6/30/91
378. Loyola Marymount University (Los Angeles)	**12,254,485**	78,851,870	1,160,300	9.5	1.5	6/30/91
379. National Audubon Society (New York)	**12,252,100**	37,350,497	2,919,051	23.8	7.8	6/30/90
380. United Way of Essex and West Hudson (Newark)	**12,244,178**	12,866,464	853,298	7.0	6.6	12/31/90
381. Atlanta Jewish Federation*	**12,229,061**	12,340,533	767,984	6.3	6.2	12/31/90
382. Lutheran World Relief (New York)[33]*	**12,049,198**	92,601,295	329,566	2.7	0.4	9/30/90
383. United Way of the Midlands (Omaha)	**12,044,708**	13,400,521	669,057	5.6	5.0	12/31/90
384. Wayne State University (Detroit)	**12,020,247**	375,450,938	1,084,920	9.0	0.3	9/30/90
385. National Benevolent Association of the Christian Church (St. Louis)	**11,862,205**	76,179,839	3,100,927	26.1	4.1	12/31/90
386. World Concern (Seattle)[7]	**11,817,429**	11,935,715	1,118,542	9.5	9.4	6/30/91
387. University of Maine at Orono[10]	**11,715,604**	n/a	n/a	—	—	6/30/90
388. Franklin Institute (Philadelphia)*	**11,700,000**	22,100,000	410,000	3.5	1.9	12/31/90
389. American Health Assistance Foundation (Rockville, Md.)	**11,698,991**	12,261,191	2,262,652	19.3	18.5	3/31/91
390. Direct Relief International (Santa Barbara, Cal.)	**11,677,958**	11,784,735	126,358	1.1	1.1	12/31/90
391. American Enterprise Institute (Washington)	**11,665,645**	12,607,387	609,014	5.2	4.8	12/31/90
392. American Institute for Cancer Research (Washington)	**11,644,356**	12,292,122	2,257,635	19.4	18.4	9/30/90
393. Rand Corporation (Santa Monica, Cal.)*	**11,638,076**	103,289,870	n/a	—	—	9/30/90
394. Ohio University (Athens)[10]	**11,634,320**	n/a	n/a	—	—	6/30/90
395. Boston Foundation	**11,596,862**	42,449,566	n/a	—	—	6/30/90
396. Oxfam America (Boston)	**11,539,845**	11,949,113	1,972,392	17.1	16.5	10/31/90
397. University of Vermont (Burlington)	**11,401,064**	n/a	2,253,300	19.8	—	6/30/91
398. Texas Tech University (Lubbock)[34]	**11,243,183**	376,650,276	794,604	7.1	0.2	8/31/90
399. KCTS (Seattle)	**11,241,788**	12,972,295	2,401,416	21.4	18.5	6/30/90
400. Virginia Commonwealth University (Richmond)	**11,212,935**	n/a	1,840,493	16.4	—	6/30/91

* Organization is engaged in a capital, endowment, or other special campaign. n/a: not available

[17] Fund-raising-expenses figure does not include university-related foundations.

[18] Fund-raising-expenses figure includes both the alumni and development offices, less the expenditures assigned exclusively to alumni affairs.

[19] Includes the Episcopal Migration Ministries and the Presiding Bishop's Fund for World Relief.

[20] Fund-raising figure does not include expenditures by individual academic departments and schools.

[21] Includes the Mayo Clinic and associated medical facilities.

[22] Contributions figure does not include the value of goods donated to Goodwill retail stores. Those goods generated $361-million in retail sales.

[23] Contributions figure is taken from data compiled by the Columbus Foundation.

[24] Includes the National Academy of Sciences, National Academy of Engineering, Institute of Medicine, and National Research Council.

[25] Figures are based on reports from 60 per cent of chapters.

[26] Contributions figure includes $14.1-million in value of donated land.

[27] Includes the the NAACP Special Contributions Fund and donations to local branches. Fund-raising expenses are for national office only and fund-raising percentages are calculated from national donations of $12,995,000 and total income of $13,865,000.

[28] Includes the Carnegie Institute and the Carnegie Library.

[29] Figure for fund-raising expenditures includes all administrative costs.

[30] Contributions and total revenue figures include in-kind gifts. Fund-raising expenditures are fees to Independent Charities of America. Fund-raising costs are calculated on cash donations and revenue of $58,725.

[31] Fund raising includes national expenses for fund raising by chapters.

[32] Figures are for national office only.

[33] Figures are for nine months, due to a change in the fiscal year. Contributions figure includes in-kind gifts.

[34] Includes Texas Tech University Health Sciences Center.

While donors have received information in the newsletters on how to include the schools in their wills, the group didn't start a formal planned-giving program until January 1990. In the 1990 fiscal year, the group received $4.6-million in bequests.

Critics from other Indian educational associations, who asked not to be identified, argue that the St. Labre educational association has such a strong focus on Catholicism that it does not do enough to teach students about American Indian values and customs. They also worry that the group may not be doing enough to encourage students to put their education to use by returning to the reservations.

Father Hoffmann rejects those criticisms, saying that nearly 85 per cent of the schools' graduates currently return.

"Now there seem to be more opportunities for people to come back and use their talents on or around the reservations," he observes. "We promote getting educated people back as role models in leadership positions within their tribes."

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What Some Other Non-Profits Raise in Donations

Africare (Washington)	$3,313,663
AFS Intercultural Programs (New York)	2,190,833
AIDS Project Los Angeles	6,802,488
American Ballet Theatre (New York)	7,338,976
American Civil Liberties Union Foundation (New York)	9,424,896
American Museum of Natural History (New York)	4,818,336
American Public Radio (St. Paul)	1,442,572
American Society for the Prevention of Cruelty to Animals (New York)	6,621,134
American University of Beirut	5,101,364
Amvets (Lanham, Md.)	10,300,750
B'nai B'rith Foundation (Washington)	7,600,000
Brigham and Women's Hospital (Boston)	6,853,307
Brookings Institution (Washington)	7,753,963
Brooklyn Museum (New York)	4,120,514
Center for Strategic and International Studies (Washington)	9,942,156
Child Welfare League of America (Washington)	3,795,252
Children's Television Workshop (New York)	7,055,987
Cleveland Orchestra	8,053,394
Cold Spring Harbor Laboratory (New York)	5,000,000
Committee for Economic Development (New York)	4,102,874
Conservation Fund (Arlington, Va.)	10,234,304
Conservation International (Washington)	9,500,000
Council on Foreign Relations (New York)	$1,981,600
Cousteau Society (Norfolk, Va.)	8,497,515
Detroit Institute of Arts	10,460,000
Field Museum of Natural History (Chicago)	9,390,916
Guthrie Theater (Minneapolis)	3,189,969
Hoover Institution on War, Revolution, and Peace (Stanford, Cal.)	8,600,000
Houston Symphony Society	9,140,687
Hunger Project (New York)	9,796,414
Independent Charities of America (San Francisco)	10,531,347
International Rescue Committee (New York)	8,722,598
The Lighthouse (New York)	10,154,000
Local Initiatives Support Corporation (New York)	10,161,800
Lyric Opera of Chicago	7,446,178
Milwaukee Art Museum	3,666,158
NAACP Legal Defense and Educational Fund (New York)	10,200,000
National Council on the Aging (Washington)	1,610,000
National Society to Prevent Blindness (Schaumburg, Ill.)	9,295,901
National Trust for Historic Preservation (Washington)	7,917,591
National Urban League (New York)	8,906,096
Nelson-Atkins Museum of Art (Kansas City, Mo.)	6,712,120
Newberry Library (Chicago)	1,953,309
New England Medical Center (Boston)	4,200,000
New Israel Fund (New York)	$6,242,469
New York Botanical Garden	9,080,000
New York City Ballet	11,196,926
New York Philharmonic	9,909,261
New York Shakespeare Festival	4,300,000
Pan American Development Foundation (Washington)	4,447,807
Pathfinder International (Boston)	1,200,000
Philadelphia Orchestra	3,889,356
Phillips Exeter Academy (N.H.)	9,563,611
Pierpont Morgan Library (New York)	2,156,200
Population Council (New York)	6,278,463
Ronald McDonald Children's Charities (Oakbrook, Ill.)	8,803,037
Reading Is Fundamental (Washington)	1,738,173
RP Foundation Fighting Blindness (Baltimore)	5,130,574
Salk Institute for Biological Studies (San Diego)	10,000,000
San Francisco Museum of Modern Art	4,018,000
John G. Shedd Aquarium (Chicago)	5,222,658
Simon Wiesenthal Center (Los Angeles)	9,410,841
Walker Art Center (Minneapolis)	4,857,757
Whitehead Institute for Biomedical Research (Cambridge, Mass.)	9,269,829
Winrock International (Morrilton, Ark.)	10,146,967
Winterthur (Del.)	2,603,882
Woods Hole Oceanographic Institution (Mass.)	8,120,994
Youth for Understanding International Exchange (Washington)	2,433,303

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OPINION

Commentary and Letters

Hospitals' Predicament May Be All Non-Profits'

By J. DAVID SEAY

ALTHOUGH I'VE BEEN TRANSPLANTED to the Northeast for nearly 20 years—most of those in New York—I'm originally from Oklahoma, and I'm proud of it. One reason is that I can quote another Oklahoman, Will Rogers, without embarrassment. He once said that everything is funny as long as it is happening to somebody else.

In the current debate about what types of non-profit organizations and activities are to be considered charitable and exempt from taxation, our country's non-profit hospitals may very well be seen by other charities as "somebody else." However, my colleagues at other groups in the non-profit world—museums, symphonies, colleges and universities, and other health and social-welfare organizations—may be wise not to laugh too hard, or too long, at the present predicament of hospitals. The Internal Revenue Service and local tax assessors may be laughing last.

Many lawmakers have expressed concern that non-profit hospitals are not doing enough to take care of the indigent. Some of their fears are legitimate, but the remedies being proffered would lead to a radical change in the basic policy rationale underlying the definition of charity, at least—or at first—for those institutions that were granted charitable status specifically because they provide a benefit to the community. Those remedies should be examined very carefully.

A century ago, Lord MacNaghten, in his restatement of the English law of charitable uses of property, identified four legal categories of charity: relief of poverty, advancement of education, advancement of religion, and purposes beneficial to the community. His formulation is still being used today. Health care, like music and other cultural activities, has not been considered charitable as an activity *per se*, but rather has been identified as being charitable by virtue of the benefits the community receives from institutions that provide services and activities. Health care, like music and museums, can be provided by both for-profit and non-profit organizations, by community-serving or by self-serving enterprises, and in a way that deserves the benefits of tax-exempt status.

The problem facing us now is that some of the proposals aimed at making hospitals more accountable would eliminate "benefit to the community" as a standard for tax exemption and instead require hospitals to prove that they are doing enough to help the poor. On the surface, this idea has appeal. After all, our nation does have a significant problem of medical poverty and it would be nice if we could find someone to deal seriously with it since apparently the government will not and for-profit enterprise can not.

But that is not what the notion of community benefit is all about. I'm sure that, as a nation, we have problems of musical indigence and museum deprivation as well, although maybe not as serious; however, we have not yet chosen to base the charitable status of symphonies and museums on the number of admission tickets given away to the poor, nor should we. Tax-exemption criteria are not intended to solve all of our social ills, however desirable that would be; they are just

MY VIEW

The problem facing us now is that some of the proposals aimed at making hospitals more accountable would eliminate "benefit to the community" as a standard for tax exemption.

LETTERS

Reforming Philanthropy: Not Everyone May Agree

TO THE EDITOR:

Alas, in grant making, as in life, perfection is a state aspired to, but seldom achieved. Pablo Eisenberg's admonition that "collegiality" retards criticism of less-than-perfect behavior in philanthropy misses a point ("Still Needed: Reform Movement in Philanthropy," October 8). The reality is that "they who are without guilt should cast the first stone." So who but him can step forward?

Pablo himself is the leader who has devoted his career to keeping us grant makers honest. His own voice has had a very positive effect, even on the major groups he criticizes, in addressing issues of those who are outside of the mainstream, and who may benefit most from our attention. He does need to acknowledge, however, that in a pluralistic society, all grant makers may not share his particular priorities as they strive to make their communities fit places to live.

Keep observing, Pablo. But you might cut some of us a little slack as we strive to practice your ideals of what might be, in the face of what is.

EUGENE R. WILSON
President, ARCO Foundation
Los Angeles

Counting volunteers: a 'fiscal farce'

TO THE EDITOR:

In response to "Volunteers Belong on the Balance Sheet" (October 8), I'd like to say I've benefited from Susan Ellis's training, but she had best stick to volunteerism and keep out of accounting.

As a director of a small United Way and the person responsible for numerous account solicitations, collection of payments, and completion of audits, I need to be as fiscally ethical as humanly possible. I owe that to our contributors and hard-working volunteers.

Recording volunteer time in a fashion similar to actual cash costs would force me into being a "fiscal farce."

Just think of:

► Asking the board for their salaries so we can calculate how much their volunteer time is worth. Or do we use the minimum wage? . . .

► Hassling people who make phone calls, stuff letters, and prepare baked goods, to monitor and report their volunteer time to us.

► Having agencies inflate or deflate their contributed time depending on how they feel the public will react.

► Monitoring hot-line volunteers—do we track the minutes spent out of bed on the phone or the whole night they're on duty?

Come now. I believe wholeheartedly in agencies' telling their stories, recruiting volunteers, and utilizing those volunteers' special skills in the best way possible. Their invaluable

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The Newspaper of the Non-Profit World

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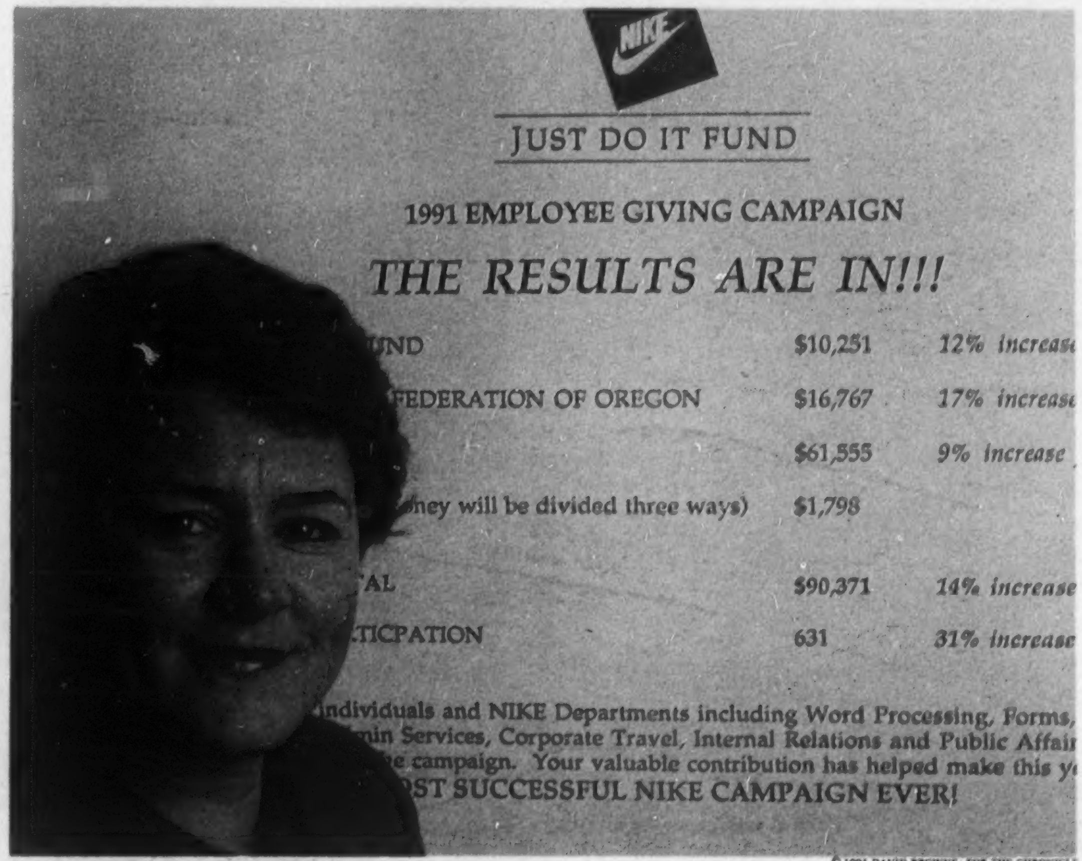
UNITED WAY'S RIVALS GAIN GROUND

More companies are allowing other federations of charities to solicit employee donations


NIKE
JUST DO IT FUND
1991 EMPLOYEE GIVING CAMPAIGN
THE RESULTS ARE IN!!!
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...FEDERATION OF OREGON $16,767 17% increase
$61,555 9% increase
...ney will be divided three ways) $1,798
...AL $90,371 14% increase
...TICPATION 631 31% increase
...ndividuals and NIKE Departments including Word Processing, Forms, ...min Services, Corporate Travel, Internal Relations and Public Affai... ...e campaign. Your valuable contribution has helped make this y...
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Virginia Hensen, of Nike, says the sporting-goods company decided to let non–United Way federations solicit workers because "the sense was that our employees were not that excited about United Way giving."

By BRUCE MILLAR

SAN FRANCISCO

A GROWING NUMBER of corporations are allowing national charity federations other than United Way—including such groups as the Black United Fund, Earth Share, and International Service Agencies—to solicit donations from employees.

United Way continues to dominate employee-giving drives across the country: It has the exclusive right to run campaigns at over one million companies and private organizations, and last year those drives helped to raise $3.11-billion. But its competitors are gaining ground.

Two years ago, only eight private companies in California allowed the Environmental Federation of California to solicit employees. This year, more than 40 businesses have given the federation permission to do so. International Service Agencies, which raises money for international relief and development groups, participated in two corporate drives in 1985; this year, it has been allowed to solicit at 11 companies.

Among the changes:

► After offering its 8,000 employees a United Way–only campaign for more than 30 years, Polaroid Corporation in Cambridge, Mass., is allowing Community Works to solicit donations from workers. Community Works is a Boston-based federation that raises money for groups supporting low-cost housing, improved access to health care for poor people, and environmental protection.

► Nike, the sporting-goods company based in Beaverton, Ore., last year decided to drop its United Way–only campaign to allow the Black United Fund and the Environmental Federation of Oregon to seek donations from its more than 1,800 employees.

► Sun Microsystems in Mountain View, Cal., adopted a combined campaign in 1990 to accommodate employees who wanted more choices about the organizations to which they could contribute.

► At the University of Pennsylvania, an employee vote to end a United Way–only campaign persuaded administrators to allow four federations to solicit workers in addition to United Way. About 9,000 faculty and staff members were eligible to vote.

Many employers still oppose opening up their campaigns, however. Three large employers—J.C. Penney, United Parcel Service of America, and US West—have in recent years reaffirmed their intention to limit their fund drives to United Way.

United Way's rivals have long been putting pressure on employers to open their campaigns to a variety of solicitors. The federations waged a battle for years to gain access to the federal government's on-

Continued on Page 24

A United Way's partnership with a community foundation: Page 21.

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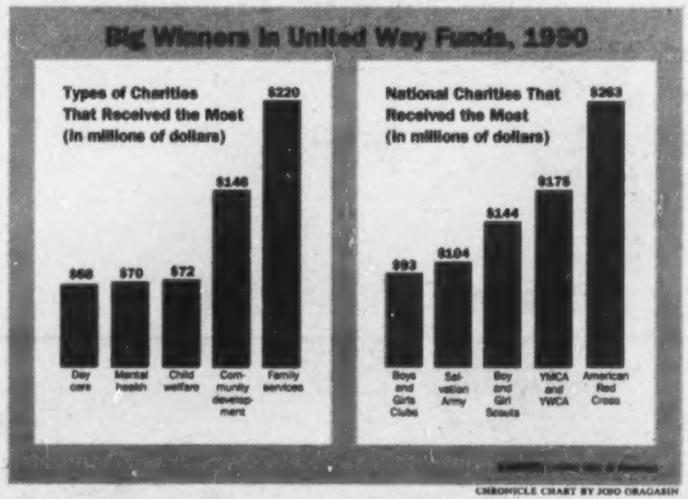

CHRONICLE CHART BY JOSO ORAGASIN

United Way's Beneficiaries

The American Red Cross and programs for families received the most United Way support in 1990. (See chart above.) Story on Page 14.

An Ambivalent Philanthropist

George Soros has created more than a dozen foundations, but he hopes none of them will survive him. Story on Page 6.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 4

About Fund Raising

1 More companies are opening up their employee fund-raising drives to charities other than United Way, but the big federation still dominates most campaigns.

21 A United Way and a community foundation have created a partnership that they hope will turn donors into philanthropists.

26 Apple Computer's charity drive is low-key but high-tech.

21 Four organizations have proposed guidelines for counting gifts to capital campaigns.

29 Congress voted last week to extend a tax break for gifts of appreciated property.

27 Non-profits have urged Congress to repeal the recent increase in postage for non-profit "flats."

27 A charity should let donors decide whether their names should be sold or exchanged as part of a mailing list, says the Non-Profit Mailers Federation.

28 Few Massachusetts charities that use professional solicitors are guaranteed more than half the money raised, the state says.

29 Ideas: A museum finds that the personal touch works, and a university says film is better than video.

23 Update on campaigns for endowments and capital improvements.

29 Interest rates for planned gifts issued by the Internal Revenue Service.

About Gifts and Giving

14 Day-care centers for children and the elderly have posted the biggest increases in allocations of money donated through United Way.

8 A new fund has been established to provide philanthropic aid to the former Soviet republics.

34 The IRS has allowed tax deductions for a bequest with an unusual stipulation and for a donation to a foundation that didn't even exist when the gift was made.

40 The best givers care so passionately about a cause that they combine the gift with personal involvement and volunteered time, says one leading donor (My View).

12 An alumnus has given Shaw University $10-million; other recent gifts.

About Volunteers

9 Students at 260 colleges donated more than 12 million hours in volunteer time last year.

41 It's time for America to re-invest in idealism by instituting national volunteer service for young people, says one charity leader (Opinion).

8 Points of Light 612 to 623 were named by the Bush Administration.

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Solving problems by looking ahead to 2050 **30**

About Managing Non-Profits

30 To solve today's management problems, the Sacred Heart League uses statistical analysis—and a vision of what it wants to be in the next century (How They Do It).

39 A report to the U.S. Olympic Committee says its former president used his position for financial gain.

34 The IRS has told a large national charity how new lobbying rules would affect it (Tax Watch).

34 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About Religious Philanthropy

10 Jewish federations are being urged to alter the way they raise and distribute money to respond to changing needs, in both Israel and the United States.

12 More than three-quarters of American churches are involved in health programs, says a new report.

Of Special Interest to Board Members

21 **The community foundation and United Way in Jacksonville, Fla., have created a far-reaching partnership, and board members are said to be a key to making it work.**

21 **A committee representing fund raisers and board members has come up with a set of proposed guidelines for counting gifts to capital campaigns.**

About Foundations

6 George Soros has created more than a dozen foundations that are working for change in the former Soviet bloc, but he admits to being an ambivalent philanthropist.

9 The president of Chicago's Joyce Foundation is stepping down in June.

9 Japan now has its first community foundation.

21 The community foundation in Jacksonville, Fla., has joined forces with the local United Way in an effort to increase giving.

15 Recent grants by foundations, corporations, and other grant makers.

16 Summaries of annual reports from Blandin, Nathan Cummings, James Irvine, Lyndhurst, and Prudential Foundations.

About Corporations

8 Giving by insurance companies grew by less than 1 per cent in 1990.

10 Many companies say they are giving less to the arts this year.

8 Digital Equipment Corporation will give $5-million worth of computer equipment to organizations that deal with AIDS and Alzheimer's disease.

9 The Melville Corporation, a retail chain, has announced a $1.5-million plan to promote excellence in public education.

Also In This Issue

32 **Press Clippings:** *Town & Country* honors the Pew Charitable Trusts, *Money* rates charities' effectiveness, and *Outside* grades environmental groups.

35 **Books:** A history of the Sierra Club, and summaries of other new books.

40 **Letters:** The resignation of the head of an AIDS group, the role of women in the YMCA, and counting the value of volunteers.

36 **People:** Appointments and promotions in the non-profit world.

43 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

Corrections

▸ An article on new fund-raising strategies used by environmental groups (November 5) should have stated that Conservation International, not the Environmental Defense Fund, was involved in a joint marketing venture with McDonald's to distribute coloring books about rain forests.

▸ A table giving total revenue of non-traditional funds (November 5) should have given the following figures for Community Shares of Wisconsin: $286,593 for 1989, $337,968 for 1990, and $370,000 projected for 1991.

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Insurance Companies' Giving Rose Only 1% in 1990

WASHINGTON

Cash contributions to charitable causes from life- and health-insurance companies grew by less than 1 per cent last year—falling well short of the 6.1-per-cent growth in inflation, according to a new report by the Center for Corporate Public Involvement.

Based on figures provided by the same 99 companies over five years, dollars donated by those companies increased from $115-million in 1989 to $116-million. From 1986 to 1990, giving increased by 19.6 per cent.

While 395 companies provided some information for the survey, only 157 disclosed how much money they distributed, $149-million in all.

The center represents members of the American Council of Life Insurance and the Health Insurance Association of America.

As it has in past years, education topped the list of causes supported by the insurance industry, receiving $41.5-million. Of the companies that specified how their money was distributed, 87 per cent said that they contributed to education.

United Way campaigns and other federal drives received the next largest share at $28.1-million. Companies gave more to urban and civic affairs than to cultural organizations last year, $22.2-million compared with $17.3-million.

Corporations participating in the study also directed $3.5-million specifically to AIDS-related programs. The general category of health and safety received $21.7-million, and $934,000 was contributed to a medical research fund run through the center.

Free copies of the report are available from the Center for Corporate Public Involvement, 1001 Pennsylvania Avenue, N.W., Washington 20004-2599.

—JENNIFER MOORE

Insurance Company Giving

Contributions in 1990

Urban & civic affairs	$22,217,000	Hunger & homelessness	$2,548,000
United Way	28,147,000	AIDS	3,471,000
Health & safety	21,713,000	Medical research	934,000
Education	41,458,000	Other	11,164,000
Culture	17,318,000	**Total**	**$148,970,000**

Based on reports from 157 companies.

Cash Contributions, 1986-90

In Millions	1986	1987	1988	1989	1990
Urban & civic affairs	$15	$13	$13	$16	$17
United Way	19	21	22	22	24
Health & safety	11	12	14	18	16
Education	29	29	30	32	35
Culture	14	12	14	20	15
Other	9	10	7	7	9
Total	**$97**	**$97**	**$100**	**$115**	**$116**

Based on 99 companies reporting in all five years.

Companies Backing Community Projects in 1990

Education	87%	Activities for senior citizens & retired people	44%
Arts & cultural programs	78	Safety programs	34
Youth activities	73	Day-care programs	32
Local health programs	72	Housing programs	32
Neighborhood improvement	61	Environmental programs	31
Minority affairs	58	Programs for the hard-to-employ	29
AIDS education & treatment	57	Crime prevention	28
Drug- or alcohol-abuse programs	53	Prenatal & well-baby care	25
Programs for the handicapped	51	Health promotion/low-income & minority populations	16
Hunger & homelessness programs	50	Transportation programs	16
		Other	17

Based on reports from 167 companies.

SOURCE: Center for Corporate Public Involvement

IN BRIEF: Giving

Digital to Give Computers to Health Groups

The Digital Equipment Corporation will give $5-million worth of computer equipment to organizations that deal with AIDS or Alzheimer's disease.

The supplies will go to organizations around the world that plan to use computer technology to enhance major research projects and programs for populations that are at risk from the diseases.

"One of the targeted philosophies for the company is that it help to provide affordable, high-quality health services," said Nikki Richardson, a spokeswoman for Digital.

The Maynard, Mass., company will make grants worth up to $500,000 each from now through June of 1993. Proposals will be reviewed on a continuing basis.

More information about the grant program and an application can be obtained by calling the company's corporate-contributions office at (508) 493-9210.

New Fund to Raise Money for Former Soviet Republics

Critical food shortages and general economic chaos in the former Soviet republics have prompted the creation of a fund that will help generate private donations for humanitarian relief and stimulate growth of private groups there.

The Soviet/American Fund for Freedom and Democracy was organized by Yankel Ginzburg, a Washington-based Soviet artist with close ties to Russian President Boris Yeltsin; L. Ronald Scheman, a Washington lawyer and adviser to the Soviet Embassy in Washington; and Michael Mitchell, executive vice-president of the 1984 summer Olympics in Los Angeles. Four corporate chief executives have agreed to support the new fund: Lee Iacocca of Chrysler Corporation, Hamish Maxwell of Philip Morris Companies, John J. Murphy of Dresser Industries, and Michael Yanney of First American Investment Company.

Mr. Scheman said that fund raising for the organization would begin in earnest this month.

As citizens in the republics brace for a harsh winter, the fund will work to generate contributions from American business and charitable groups and help coordinate private relief efforts to prevent widespread hunger and shortages.

The fund was created in response to President Bush's calls for Americans to help the former Soviet Union restructure its centralized economy.

In the long term, the fund hopes to provide direct humanitarian aid and help establish democratic and non-governmental economic institutions in the Soviet republics.

The fund's organizers have met with U.S. Ambassador to Moscow Robert Strauss, President Yeltsin, and leaders of three other republics to assess the needs.

More information may be obtained after December 10 from Lew Townsend, executive direc-

Points of Light 612 to 623

WASHINGTON

As part of the White House's "Points of Light Initiative" to encourage volunteerism, President Bush plans to honor 1,000 individuals, non-profit groups, and companies that are "making a difference in their communities."

The White House estimates that by recognizing one person or organization each day, it will have named 1,000 "Points of Light" by next Inauguration Day, January 20, 1993.

Following are the latest people and organizations to be recognized:

612. Sister Elizabeth Stoup, Orlando, Fla., who, as principal of the Morning Star School for young people with physical, mental, and learning disabilities, has initiated job-placement programs for students and is establishing a home for disabled people who otherwise would have no place to live.

613. Camp Baskerville, Pawleys Island, S.C., whose volunteers prepare meals for community festivals, offer remedial education for children who attend the camp, and coordinate construction crews that build new homes or refurbish substandard homes.

614. Carl Pangle, Toledo, Ohio, a troop leader for the Boy Scouts of America who also volunteers at the Lutheran Orphans and Old Folks Home and helped establish a local food drive for low-income people.

615. Garland Handy, Burlington, N.C., who leads a worship service for deaf people, teaches sign-language classes, and volunteers at local hospitals, where he spends time with deaf patients.

616. Elizabeth Aro, Baltimore, a former cancer patient who has volunteered as a counselor for other cancer patients throughout Baltimore for the past 15 years.

617. Tamara Youngman and the Volunteers of Matthew House 18, Champaign, Ill., who operate an educational center for children of low-income single parents, where they provide meals and tutor the children in reading, mathematics, and computer use.

618. Peter Geiger and the Geiger Bros. Adopt-a-School Program, Lewiston, Me., who have adopted the Montello School in Lewiston. Geiger Bros. employees work with elementary students there, and Mr. Geiger is an advocate for similar partnerships with local schools.

CAMP BASKERVILLE

Volunteers at Camp Baskerville in Pawleys Island, S.C., help renovate houses, tutor children, and prepare meals for communitywide festivals. Above, volunteers with a house they renovated.

619. Volunteers at Johnson Elementary School, Cedar Rapids, Iowa, who tutor students in writing and reading skills, and who coordinate a school committee that plans monthly community-service projects.

620. University Migrant Services, California State University at Fresno, which gives students from migrant or farm-worker families advice on university admission, academics, and career planning.

621. O. W. Motivational Inc., Cincinnati, whose volunteers operate the Early Childhood Stimulation and Parent Training program for preschool youngsters and tutor students in the 1st through 11th grades in reading and mathematics.

622. Powell Hollings, Westbury, N.Y., who tutors students at Powell's Lane School in mathematics and helps disabled children and adults learn to swim.

623. South King County Multi-Service Center Literacy Program, Federal Way, Wash., whose volunteers teach English as a second language and operate the Homeless Education to Achieve Readiness for Tomorrow (HEART) program for children living in transitional housing projects.

Jewish Groups Advised to Try New Approaches to Philanthropy

By VINCE STEHLE

BALTIMORE

Jewish federations must alter the way they raise and spend money because charitable needs in the United States and Israel are changing and increasing rapidly, key leaders told the annual meeting here of the Council of Jewish Federations.

Morton L. Mandel, chairman of the board of Premier Industrial Corporation in Cleveland and a past president of the council, said that now that Israel was a mature country, money raised in North America might be better used to take care of special needs in the Jewish state, not to support services that could be provided by the government.

He also said that the federations, which raise money for Jewish social-service agencies in their communities as well as for international-relief efforts, needed to make sure they were doing enough to be accountable to donors.

Mr. Mandel and other Jewish philanthropic leaders at the meeting said that the federations should develop new ways of expanding their sources of revenue, such as building endowments and starting money-making ventures, and not count solely on fund raising.

Demands for Donor Choice

Even so, federations should continue to stress the importance of their annual fund-raising drives, and should not give in to demands from some donors who want to earmark their annual gifts for particular causes, said meeting participants.

"Frankly, as soon as we open up to that notion, though it sounds democratic, it seems to me that we'll be putting our federations back many, many years," said Stephen B. Nasatir, executive vice-president of the Jewish Federation of Metropolitan Chicago.

In 1991, fund raising by Jewish federations reached $1.33-billion, which is the highest total ever and represents an 11 per cent increase over the $1.2-billion collected last year. According to the United Jewish Appeal, which channels aid from the federations to Israel, the 1991 annual appeal raised $693.7-million, which will be split roughly in half for domestic and international programs. Operation Exodus, a special appeal to aid the resettlement of Soviet Jews who have emigrated to Israel, netted $640.5-million in gifts and pledges this year.

For many years, North American Jews have given millions of dollars annually to support social services in Israel. But some federation officials want to reconsider the relationship between Jewish philanthropic institutions and Israel.

"We want to help," said Mr. Mandel, who served as president of the council from 1978 to 1981. "But to act intelligently we must take into account the fact that it's been 43 years since the establishment of Israel, and conditions surrounding our relationships have changed materially.

"In 1948, large-scale American Jewish financial assistance for the settlement of Jews in Israel was absolutely basic to building the country. Today, in 1991, American Jewish philanthropy, although still very important, represents a small fraction of funds needed to meet human needs in Israel. The Israeli government, through Israeli taxpayers, has assumed the overwhelming part of this obligation.

"The American-Jewish philanthropic opportunity now, therefore, is to identify and meet special needs beyond those which are, and can be, met by the government of Israel."

Mr. Mandel contended that it would be difficult to maintain high levels of support from American Jewry if federations failed to conduct such a reappraisal.

Audits Already Conducted

The Jewish Agency for Israel, the Israeli organization through which most international aid to Israel passes, has undergone several major audits and reviews over the years, and leaders of the agency said that they constantly review its operations.

"It's very healthy to evaluate and re-evaluate Israel's current and future needs," said Norman Lipoff, a Miami tax lawyer who is chairman of the United Israel Appeal, the American organization that distributes money from the United Jewish Appeal to the Jew-

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Many Corporations Are Giving Less in the Arts in 1991, Survey Finds

By ANNE LOWREY BAILEY

Many corporations are giving less to the arts this year, a new survey has found.

Among 46 major companies that include some of America's largest corporate arts supporters, 26 reported that they would give less this year, and another five froze their giving at 1990 levels. Only 14 said they would give more.

Those findings come from a survey of members by the Business Committee for the Arts, a New York–based group of corporate arts patrons.

Among companies cutting back, budgets for giving to the arts have been trimmed by an average of 11 per cent from 1990, the survey found. Companies cited the recession, lower earnings, and a shift away from the arts in favor of education and human services as the main reasons for the cutbacks.

For companies that are giving more to the arts, budgets rose by an average of 15 per cent. Those respondents said that their companies were spending more to match employee gifts to arts groups and that their overall giving budgets had grown as well.

Arts Groups Fear Program Cuts

The committee also for the first time surveyed arts organizations about the corporate support they receive. Over half of the 116 groups responding said that if the recession and drop in corporate support continued, they would be forced to reduce programs, performances, exhibitions, and services. Sixteen per cent said reduced corporate support would also force them to lay off staff members.

The cutbacks in many companies' arts budgets follow deep cuts in government spending on the arts in most states. This year, state support for the arts plunged by 22 per cent, to $214.7-million, down from $273.7-million in fiscal 1991 according to the National Assembly of State Arts Agencies.

What Companies Say About Support of the Arts

Why Companies Give to the Arts

	What they hope to achieve	What they say they achieve
Evidence of good corporate citizenship	91%	24%
Strengthen employee relations	67	61
Enhance image	65	65
Reach important constituencies	65	63
Encourage employee creativity	35	26
Increase media coverage	35	26
Promote products	28	24
Increase sales	20	13
Increase productivity	15	13

What Arts Groups Could Do to Work Better With Businesses

Understand the company's guidelines	70%
Make reasonable requests for support	63
Understand business goals and objectives	54
Provide project and organization budgets, tax-exempt documentation, lists of other business supporters, etc., with proposals	50
Submit proposals earlier	35
Include marketing plans with proposals	28
Be more willing to work with the company to develop programs to meet the company's business needs	26

Obstacles to Working With the Arts

Limited resources	80%
Pressure to support other causes, such as education and social-service programs	61
Lack of measurable business benefits	17
Lack of top-level executive interest	13
Lack of employee interest	9

What Arts Groups Say About Business

Challenges in Seeking Money

Decreased philanthropic giving because of the recession and downturn in the economy	37%
Competition with other not-for-profit organizations for fewer philanthropic dollars	35
Shifts in businesses' philanthropic giving away from the arts toward education and human services	33
Lack of name recognition and awareness of the arts organization among the business community	11
Lack of local businesses to approach for support	9
Shift in business giving from the philanthropic to the marketing department	8
Decrease in sources of funds because of mergers and acquisitions	6
Lack of business understanding of the important contributions the arts make to the well-being of the community	5

Problems in Collaboration

Business is too oriented to marketing and public relations	26%
Business wants high visibility	25
Business is not willing to take risks on new projects	20
Business is interested in sponsoring projects what will attract large audiences	19
Business wants a large return for a small contribution	19
Business does not always understand the benefits of sponsoring the arts	19
Business often would like more advance planning time to develop a sponsorship than an arts organization is able to provide	18
Business goals and expectations are not defined clearly at the beginning of the relationship	18
Business wants quantifiable results that are not easily obtainable	18

SOURCE: Business Committee for the Arts

But a majority of the companies in the business committee's survey said that those government spending cuts had not affected their decisions about giving to the arts.

Almost two-thirds said their companies made gifts to arts organizations to enhance their image. Companies said the amount of press coverage they received for their arts gifts was an important measure of the program's impact: 65 per cent chose that measure, and another 38 per cent said audience attendance figures were important.

A majority, 70 per cent, said that company giving officers worked with the public-relations department to develop arts sponsorships; 46 per cent worked with the advertising department; and 35 per cent worked with the marketing department.

In the survey of arts groups, 96 per cent said they received grants from corporations, which accounted for an average of nearly 24 per cent of private support.

Arts groups cited the recession, competition with other nonprofits for fewer philanthropic dollars, and a shift in corporate giving away from the arts toward education and human services as the greatest challenges to winning corporate support. Over 80 per cent also said they planned to spend more time seeking contributions from small and medium-sized businesses as a way to expand their bases of support.

Copies of the two reports, "BCA Members Report on their Alliances with the Arts," and "The Arts Report on their Alliances with Business," are available for $4 each from the Business Committee for the Arts, 1775 Broadway, Suite 510, New York, 10019; (212) 664-0600.

Churches Offer Health Care, Study Finds

More than three-quarters of American churches provide health-care services to their members and to the general public, according to a new report.

Congregational health programs most commonly consist of counseling, referral services, and educational efforts, but 16 per cent of the churches also offer screening clinics and 7 per cent provide direct health services, according to a report of a study conducted by the National Council of Churches and the National Center for Children in Poverty at Columbia University.

"Churches are key intermediaries for people looking to get their health needs met," said Karen E. Collins, program director for health justice at the National Council of Churches.

Seventy-eight per cent of religious congregations deal with at least one health concern, and half of them operate three or more public-health programs, according to the report, which was based on a survey of nearly 1,900 congregations in 16 Protestant denominations, including the Episcopal Church and the Evangelical Lutheran Church in America.

The study was paid for, in part, by the Ford Foundation and the Carnegie Corporation of New York.

"We underestimate greatly the amount of support churches provide, and we don't provide them with enough resources to do it," said Prudence Brown, deputy director of the Ford Foundation's urban poverty program. "It's a network that is often left out of the program debate."

Over half of the churches responding said they offered nutritional programs, substance-abuse treatment, and mental-health services. Seventeen per cent said they provided prenatal care for expectant mothers.

Over half of the churches said they used their staff members, volunteers, or funds to provide health services, and 48 per cent said they provided food for nutritional programs and space in which to operate health programs.

In some instances, said Ms. Collins, rich and poor congregations have cooperated to provide health care to the needy. "For example, a wealthy suburban church that doesn't have access to impoverished people will often work with another church that is located in the inner city," she said.

The report concluded that, while many churches offer some health services, they could not be expected to replace existing programs. Instead, it said, they should be relied upon to extend, assist, and enhance other health-care resources. Said the report: "Pastors, congregational staff, and volunteers assist poor families who may not know where to turn for help or who may distrust usual sources of care."

Copies of the report are available from Karen Collins, Office of Health Justice, National Council of Churches, 475 Riverside Drive, New York 10015; (212) 870-2664. The cost is $2 each, including postage.

—VINCE STEHLE

Churches and Health

The Issues Churches Are Involved In	Percentage of churches
Nutrition	59%
Substance abuse	55
Mental health	53
Access to medical services	33
Access to prenatal care	17
Vision and hearing screening	17
Health-insurance coverage	15
Immunization	14
Other	8

What Churches Contribute	Percentage of churches
Staff time	54%
Volunteers	54
Money	51
Food (hunger and nutrition projects)	48
Space	48

Who Church Programs Serve	Percentage of churches
General community	68%
Church members	56
Immediate neighborhoods	40
Other congregations	25

Activities Churches Support	Percentage of churches
Counseling	55%
Referrals	48
Education	43
Payment for services	39
Support groups	30
Advocacy	22
Transportation	21
Screening	16
Treatment	7

Churches' Programs for Children	Percentage of churches
Nutrition	43%
Medical services	18
Prenatal care	17
Mental health	16
Immunization	12
Vision and hearing	11
Substance abuse	9
Health insurance	5

Who Else Is Involved	Percentage of churches
Public health agencies	46%
Other churches	42
Private health organizations	34
Individual physicians	30

SOURCE: National Council of Churches

New Gifts: Former Farm Worker Gives Shaw U. $10-Million

An alumnus of Shaw University is giving the historically black institution an unrestricted gift of $10-million.

The gift, from Willie E. Gary, a personal-injury lawyer who chairs the university's Board of Trustees, is the largest the Raleigh, N.C., institution has received from an individual.

Ronald L. Swain, Shaw's vice-president for institutional advancement and planning, said the money would be used to increase the size of the university's endowment, for improvements in campus buildings, and for scholarships, among other things.

Mr. Gary received a business degree from Shaw in 1971. A migrant worker as a child, he was rejected from the other undergraduate institutions to which he had applied. He said he wanted to pay back the university that gave him the opportunity to develop professionally.

"I was two seconds away from no doubt going back to the orange groves and the sugar-cane fields," he says. "I figure that the $10-million is just a small down payment of a debt I will never be able to pay."

Other recent gifts:

Barry U. (Fla.): Estimated $7-million bequest from the estate of Lillian Rooney Powers of Huntington, W.Va., whose husband, Frank J. Rooney, owned a construction and development company in Miami, for the university endowment, construction of a new building, and renovations throughout the campus.

Clark U. (Mass.): $2.8-million bequest from the estate of Gustaf Carlson of Charlotte, N.C., an industrial chemist, to endow a fund for undergraduate scholarships, a fund for graduate students in chemistry, a publications fund in the chemistry department, and a fund for the Sackler Sciences Center.

Cornell U. (N.Y.): $30-million anonymous challenge gift to endow professorships.

Dartmouth College (N.H.): $1.6-million from Gordon Russell of Portola Valley, Cal., and Ketchum, Idaho, a general partner in Sequoia Capital, Menlo Park, Cal., for a visiting professorship and scholarships and support services for American Indian students.

Guilford College (N.C.): $1.75-million from Edward J. Bauman of Greensboro, N.C., former chief executive officer of Blue Bell Inc. in Greensboro, and his wife, Vivien, for the Bauman Telecommunications Center.

Indiana U. Foundation: $11-million bequest from the estate of Ruth Norman Halls of Santa Barbara, Cal., a representative for the textbook publisher Scott Foresman, for several projects in the arts and humanities, including an endowed chair, endowed professorships, the Wells Scholars Program, graduate fellowships, an arts and humanities fund, and a new theater and drama center.

Kennedy Institute (Md.): $5-million from Zanvyl Krieger of Baltimore, a co-founder of the U.S. Surgical Corporation in Norwalk, Conn., and a former principal owner of the Baltimore Colts and Orioles, for its capital campaign.

Muhlenberg College (Pa.): $100,000 from Ray Holland, president of Holiday Companies Inc. in Allentown, Pa., and his wife, Thelma, for a bronze sculpture of the college's namesake, Henry Melchior Muhlenberg, patriarch of the Lutheran Church in America.

Polytechnic U. (N.Y.): $6-million from Joseph J. Jacobs of Los Angeles, chairman of the board of Jacobs Engineering Group, for a faculty-development and recognition program and for the university's endowment.

Texas Southern U.: $100,000 from the boxer George Foreman of Houston, to endow scholarships for law-school students and students in the communications department.

U. of Kentucky: $5-million from W. T. Young of Lexington, Ky., an entrepreneur and breeder of Thoroughbreds, to construct a new library on the university's Lexington campus.

Ambivalent Philanthropist Spends

Continued from Page 6

has enabled me to be more alert to revolutionary changes and to try to keep up and to move with it."

Promoting Democracy

Moving with it, in his case, has meant supporting a wide network of people working to promote democracy and pluralism in Soviet-bloc countries, and setting up foundations whenever that became feasible: in Hungary in 1984, Poland in 1988, Czechoslovakia in 1989, Bulgaria and Romania last year, Yugoslavia and Albania this year.

The foundations, although managed autonomously, all support non-governmental activities that collectively promote open societies—those where, in Mr. Soros's words, no single person or institution has a monopoly on the truth.

In practice, that has meant doing everything from helping dissidents travel abroad, to equipping independent journalists with television cameras and computers, to translating seminal works by Alexis de Tocqueville, John Stuart Mill, and Betty Friedan.

Each of the foundations is governed by people in their respective countries, supported by staff members at the Soros Foundation office in New York. Most grants go directly to people and organizations in the region rather than to support non-profit U.S. intermediary groups.

The foundation in each country is free to make grants however it wishes—but Mr. Soros retains the right to withhold his support should he disapprove of how a fund is operating.

By establishing separate foundations in each country rather than making grants through a single fund, Mr. Soros hopes to nurture independence and a benevolent form of nationalism.

By also establishing programs and institutions like the Central European University and the East-West Management Institute that draw participants from the entire region, he hopes to promote the perception that all Europeans are linked in a common destiny.

Together, in fact, the network of foundations and institutions forms a model for the decentralized, pluralistic confederation he would like to see created in the former Communist bloc on an international scale. That decentralized approach also accommodates the great differences between countries in the region in terms of their political, economic, and social development, while encouraging people in the region to learn from each other's experience, rather than turning only toward the West.

Credited with Keeping Hope Alive

In a region in which balky communications systems, inconvertible currencies, and hostile government bureaucracies make any grant making difficult, Mr. Soros is given credit for keeping hope alive.

"He didn't make the revolutions and he didn't sustain the dissident networks; these things would have happened absent George Soros," says Ian Cuthbertson, who directs the security program at the Institute for East-West Security Studies in New York. "But he was giving fax machines and PC's to people when no one else was doing it, at a time when most people thought they were decades away from taking power. For a lot of people, he was a court of last resort."

Mr. Soros, unhampered by much of the protocol of larger and older foundations, has been able to respond quickly and flexibly to rapidly evolving conditions. And in countries where the border between what is permitted and what is not can change daily, his foundations have relentlessly pushed the boundaries toward openness and diversity—often in creative ways.

In former Soviet republics, for example, foundation directors must book foreign visitors at hard-currency hotels yet cannot legally possess dollars. The solution? Give them corporate American Express cards.

"I've been moving the goalposts as fast as possible," says Mr. Soros. "You are dealing with a revolutionary process, fast-changing and accelerating, so what is possible at one time was impossible at another time."

'Changing the Rules'

Much of Eastern Europe has now stabilized enough for other foundations to begin programs there, Mr. Soros says. But the former Soviet Union is still in turmoil.

"While I encourage other foundations to move and I am happy to help them, they're right to be hesitant, because they are not flexible enough," he says. "They play by the rules—and I'm interested in changing the rules."

Mr. Soros details the evolution of his network of foundations in *Underwriting Democracy*, published this summer by The Free Press in New York. The book also describes the philosophical framework of his philanthropy, which relates to the social disequilibrium in which he specializes.

Doesn't Like Foundations

But whether in print or in conversation, Mr. Soros minces no words: He doesn't much like foundations. Grant-making institutions by their very nature corrupt both the recipient, who becomes an object of charity, and the giver, "because the recipients are going to kowtow to you, suck up to you, and tell you what you want to hear," he says. "People who are professional givers suffer from the professional deformity that they are never told the truth."

Despite the best precautions, therefore, the critical process essential to grant making tends to erode over time, Mr. Soros says. "When you set up an institution to implement your idea and the institution becomes interested in its own survival rather than in servicing that idea, that's the ultimate corruption," he says.

"Grant-giving institutions are as good as the grant giver," he notes. "If they are to be human, they ought to have a human life span" and not continue indefinitely—to stray inevitably from the founder's vision and develop a self-sustaining, self-justifying bureaucracy.

Of the foundations he has estab-

Day Care for Children and the Elderly Gains in United Way Giving Priorities

Day-care programs for children and the elderly are making rapid gains in the amount of support they receive from United Ways across the country.

In a new report detailing how United Ways are distributing their funds, United Way of America reported that day care climbed from 2.71 per cent of the total in 1986 to 2.96 per cent in 1990—faster growth than any other type of program supported by United Ways. Last year, United Ways spent $68.3-million for day-care programs for children and the elderly.

The report, issued every two years, was based on information provided by 508 local United Ways that raise $100,000 or more. (The last such report was done in 1988, but was not released until 1989 because United Way officials fell behind schedule in writing it.)

The expansion in day-care financial support represented a significant shift in priorities for United Ways, said Bob O'Connor of United Way of America.

> **Just six years ago some local United Ways requested that day-care programs not be included in a . . . promotional brochure.**

He recalled that just six years ago some local United Ways requested that day-care programs not be included in a United Way of America promotional brochure.

Despite the increase in support for day care, groups that provided a wide array of family services received the most financial support in 1990. Family services, which include counseling, family-life education, foster grandparents, and emergency assistance, received $220-million, followed by community development at $146-million and child welfare at $72-million.

The American Red Cross was the national organization that received the most United Way support in 1990 with $263-million. The other top groups receiving United Way support were YMCA's and YWCA's ($175-million), Boy Scouts and Girl Scouts ($144-million), the Salvation Army ($104-million) and Boys and Girls Clubs ($93-million).

Aid to Big Groups Shrinks

In another important shift, allocations to the top United Way–supported organizations, such as the Red Cross and Salvation Army, appeared to be shrinking slightly.

In 1985, the 30 largest United Way–supported national organizations received 50.54 per cent of total allocations estimated at $1.649-billion. In 1990, the top 30 organizations received 47.25 per cent of an estimated $2.3-billion in allocations, said Mr. O'Connor.

Among the other charities and social-service categories that saw the highest growth in United Way support:

- ► Catholic Charities USA, which increased from 1.51 per cent of United Way outlays in 1986 to 1.93 per cent in 1990.
- ► Crisis assistance, which includes groups that deal with spouse abuse and suicide prevention. Their share of United Way aid climbed from 1.17 per cent to 1.81 per cent.
- ► Substance-abuse programs, which rose from 1.25 per cent to 1.5 per cent.
- ► Emergency aid, which rose from 0.84 per cent to 1.29 per cent.
- ► Employment-assistance programs, which grew from 0.89 per cent to 1.13 per cent.

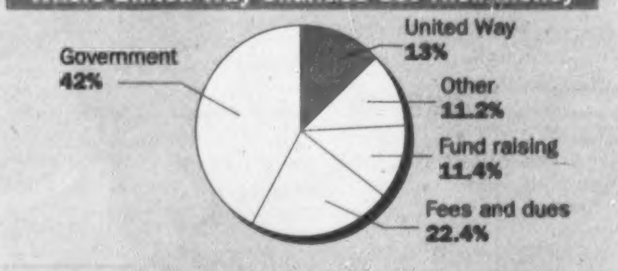
Health programs, family services, and youth and social-development programs received almost 60 per cent of the estimated $2.3-billion that United Ways distributed in 1990.

The other categories of assistance were:

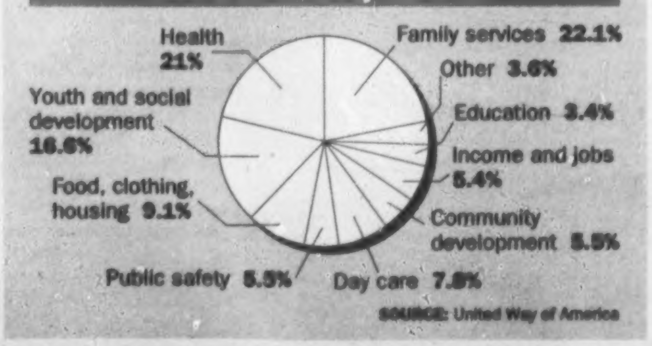
- ► Food, clothing, and housing, which received 9.1 per cent.
- ► Day care (7.8 per cent).
- ► Community development (5.5 per cent).
- ► Public safety, which includes primarily disaster prevention and relief services (5.5 per cent).
- ► Employment assistance and training (5.4 per cent).
- ► Education (3.4 per cent).
- ► Miscellaneous services (3.6 per cent).

Copies of the report are available for $6 each. Contact: Tony De Cristofaro, United Way of America, 701 North Fairfax St., Alexandria, Va. 22314. —BRUCE MILLAR

Where United Way Charities Get Their Money



Where United Way Funds Go



SOURCE: United Way of America

Organizations That Receive Funds From United Way

Type of agency	Per cent of United Ways reporting allocations	Number of agencies	Dollars received		
			Estimated amount	Percentage of total	4-year change (1986-1990)
Aging	77.0%	2,071	$49,671,036	2.16%	+32.9%
Alcoholism and substance abuse	66.9	1,471	35,574,754	1.55	+42.5
Alzheimer's	6.1	77	749,259	0.03	—
American Red Cross	97.4	1,376	262,844,167	11.43	+16.4
Arthritis	22.6	226	6,352,240	0.28	+1.8
Autism	12.2	40	954,567	0.04	+143.9
Big Brothers and Big Sisters	52.8	693	28,034,210	1.22	+18.0
Blindness	24.2	331	12,825,320	0.56	+5.4
Boy Scouts and Girl Scouts	99.0	2,628	143,904,332	6.26	+7.6
Boys' and Girls' Clubs	46.9	1,133	93,276,375	4.05	+17.5
Camp Fire and other camping agencies	31.1	494	19,208,191	0.83	+6.7
Cancer	31.3	394	50,144,262	2.18	+27.2
Catholic charities	19.9	257	47,436,429	2.06	+51.7
Cerebral palsy	32.5	373	24,355,285	1.06	+11.7
Child welfare	69.3	1,723	72,291,097	3.14	+16.6
Community and neighborhood development	46.3	2,101	145,563,849	6.33	+19.6
Crime and delinquency	18.3	187	5,927,167	0.26	+135.4
Cystic fibrosis	3.1	37	996,428	0.04	−4.4
Day care (children and adults)	66.5	2,145	68,347,207	2.97	+29.6
Diabetes	8.1	93	3,212,460	0.14	+18.6
Education	57.1	1,271	18,478,014	0.80	+65.3
Emergency assistance	64.8	1,665	30,388,560	1.32	+82.1
Employment	39.6	818	27,669,730	1.20	+51.2
Environment	1.0	12	100,233	0.00	—
Epilepsy	23.8	208	4,030,780	0.18	+17.4
Ethnic and cultural awareness	15.6	289	11,919,821	0.52	+8.5
Family services	74.8	2,208	219,979,689	9.56	+13.5
Goodwill Industries of America	19.1	226	13,767,745	0.60	+10.4
Health, miscellaneous	90.9	3,521	158,539,990	6.89	+15.6
Heart disease	28.1	296	28,443,803	1.24	+41.4
Hemophilia	6.5	35	1,011,590	0.04	+21.9
Information and referral	31.3	420	11,988,436	0.52	+20.6
Jewish federations	3.5	44	14,432,098	0.63	−24.3
Kidney disease	11.0	93	1,801,720	0.08	+9.7
Labor	3.9	44	1,994,369	0.09	−11.9
Legal aid and social advocacy	43.3	779	26,798,149	1.16	+38.0
Lung disease	4.1	58	2,798,916	0.12	+60.8
March of Dimes	0.4	5	26,627	0.00	—
Mental health	76.2	2,080	70,307,075	3.06	+17.0
Military service (including USO)	39.4	525	5,526,808	0.24	−20.2
Multiple sclerosis	10.0	84	3,587,994	0.16	+21.0
Multipurpose	22.4	616	48,069,680	2.09	+23.7
Muscular dystrophy	1.0	12	354,206	0.02	+17.5
Physical handicaps	26.4	347	12,126,725	0.53	+48.3
Planned Parenthood	6.7	84	2,710,300	0.12	+1.6
Planning organizations	11.2	194	15,886,501	0.69	+14.0
Pregnancy assistance	22.0	250	7,425,961	0.32	+274.0
Public protection, safety, and rescue	14.6	312	3,052,232	0.13	−40.5
Retarded citizens	70.7	1,427	46,013,766	2.00	+22.7
Salvation Army	86.2	1,390	104,416,207	4.54	+14.0
Sexually transmitted diseases	22.2	243	3,769,307	0.16	+287.9
Sickle-cell disease	6.7	79	2,710,845	0.12	+1.4
St. Vincent de Paul Society	1.4	16	402,463	0.02	−46.4
Travelers' Aid	8.9	107	9,593,467	0.42	−10.0
Urban League	20.9	233	37,301,365	1.62	+15.2
Volunteers	28.0	410	14,567,587	0.63	+9.3
Women's crisis and spouse abuse and suicide prevention	79.7	1,770	46,663,980	2.03	+84.4
YMCA and YWCA	80.7	2,024	175,029,537	7.61	+11.3
Youth development	52.6	1,481	36,247,577	1.58	+20.3
Miscellaneous	31.1	641	8,979,523	0.39	−48.5

Note: Based on 288 United Ways reporting in all four years.

SOURCE: United Way of America

near the end of a campaign should be paid off within an amount of time equivalent to not longer than the duration of the full campaign (including nucleus-fund phase).

(3) *Estate Notes / Deferred Pledge Agreements:* Pledges of deferred gifts when made should be written and reported in accordance with the standards for reporting such gifts outlined below.

Government Funds: No government funds should be reported toward campaign totals. In certain states government grants are leveraged through private gifts. Even in these circumstances, however, only the amount of private gifts being matched, or being used to match government funds, should be counted.

Exclusions

The following types of funds should be excluded from campaign report totals:

(1) Gifts or pledges, outright and deferred, which already have been counted in previous campaigns, even if realized during the campaign reporting period.

(2) Investment earnings on gifts, even if accrued during the time period of the campaign and even if required within the terms specified by a donor source.

(3) Earned-income transfer payments from medical or analogous practice plans.

(4) Surplus-income transfers from ticket-based operations.

(5) Gains on the disposition of assets such as life-insurance policies irrevocably owned by the institution.

(6) Contract revenues.

Standards for Reporting Certain Types of Gifts and Pledges

Securities: Securities should be counted at the average of the high and low market value on the date the donor relinquished control of the assets in favor of the institution.

Real and Personal Property: Gifts of real and personal property exceeding $5,000 in value (land, houses, paintings, antiques, rare books, etc.) should be reported at the fair market value placed on them by an independent, expert appraiser at the time the donor relinquishes control in favor of the institution. Gifts less than $5,000 may be reported at the value declared by the donor.

Members of Panel on Campaign Gifts

Vance T. Peterson, vice-president for institutional advancement, Occidental College (Los Angeles), *chair*

G. David Gearhart, senior vice-president for development and university relations, Pennsylvania State University (University Park)

Martin Grenzebach, chairman, John Grenzebach and Associates (Chicago)

Warren Heeman, vice-president for development and alumni relations, University of Chicago

James A. Hyatt, assistant vice-president for resource planning and budgets, University of Maryland at College Park

Roy E. Muir, associate vice-president for development, University of Michigan (Ann Arbor)

James F. Ridenour, senior consultant, Marts & Lundy (Baltimore)

Gifts in Kind: Gifts in kind for which donors are eligible for a charitable-gift deduction in accordance with current IRS standards should be reported at the fair market value placed on them by an independent, expert appraiser. (See Management Reporting Standards for gifts under $5,000.) Only those gifts in kind which can be convertible to cash, or items such as equipment, books, artworks, and the like, that would have been purchased by the institution during the period of the campaign, funds permitting, should be counted.

Life Insurance: Only the amount of premiums paid (or pledged) during the period of the campaign, or the cash surrender value of fully paid-up life-insurance policies for which the institution is irrevocable owner, should be reported in campaign totals. If the face amount of a policy owned by the institution should be realized during the campaign period, the difference between the cash value and the insurance company's settlement at the death of the donor should not be reported as a gift but rather as a gain on the disposition of assets. The full amount received from the proceeds of an insurance policy in which the institution was named beneficiary, but not owner, should be reported.

Charitable Remainder Trusts, Pooled Income Funds, and Gift Annuities: Gifts made to establish charitable remainder trusts, contributions to pooled income funds, and gift annuities should be credited at fair market value of the assets given. Because funds transferred into these giving vehicles are in control of the institution and subject to institutional investment policies, it is not necessary to calculate net realizable value for campaign reporting purposes.

Charitable Lead Trusts: Only the income received from a charitable lead trust during the campaign period, or during a pledge period not to exceed the specified duration of the campaign period, should be reported.

Trusts Administered by Others: Only the fair market value of assets placed in trust during the period of the campaign, to which the institution has an irrevocable right to all or a predetermined portion of the trust's income, should be reported in campaign totals. It is not necessary to calculate net realizable value for campaign reporting purposes.

Non-Government Grants and Contracts: Grant income from private, non-government sources should be reported; contract revenue should be excluded. The difference between a private grant and contract should be judged on the basis of the intention of the awarding agency and the legal obligation incurred by an institution in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible compensation; it is donative in nature. A contract carries an explicit *quid pro quo* relationship between the source and the institution.

Testamentary Pledge Commitments: Institutions choosing to include testamentary pledge commitments in the deferred commitments portion of their campaign totals may do so only under certain restrictions:

(1) the donor is at least 65 years of age when the commitment is made;

(2) the commitment is for a single life or, if a double life, the second donor also conforms to the age 65 limitation;

(3) there is a specified amount or percentage of the estate stated in the will based on a credible estimate of the future value of the estate at the time the commitment is made;

(4) the commitment is accompanied by an irrevocable instrument such as an estate note or contract to make a will;

(5) the amount is discounted to present value based on the formula:

$$\frac{P}{1.04^{e}}$$

where "P" equals the pledge amount and "e" equals the life expectancy of the donor(s). Example: a $100,000 pledge through the will of a 65-year-old male would be reported as a campaign commitment of $49,382.

Pledge Commitments by Life Insurance: For persons 65 or older, fully paid-up life-insurance policies for which the institution is made the irrevocable owner and beneficiary may be treated in the same manner as testamentary pledges. That is, the amount of the death benefit of such policies may be counted in accordance with the present-value formula indicated above.

Extreme caution must be exercised by development officers in valuing such commitments since some life-insurance policies may not actually be worth the full stated value of the insured amount. For example, the cash value of a policy may have been borrowed against or the insurance company itself may have invaded cash value to meet missed premium payments. In such cases, loans would have to be repaid from any death-benefit proceeds due to a beneficiary. Certain policies may also contain a provision wherein the insured amount drops significantly after a certain age has been attained. In all such cases, the lesser value must be used to calculate any discounted value to be credited to a campaign.

Institutions choosing to report either testamentary pledge or life commitments are strongly urged to investigate carefully the actual circumstances underlying any estate or insurance-based pledge and err in all cases on the side of conservatism in counting such commitments toward campaign totals. If any circumstances should make it unlikely that the amount pledged by bequest will actually be realized by the institution, then the commitment should be further adjusted according to specific circumstances, or not reported at all.

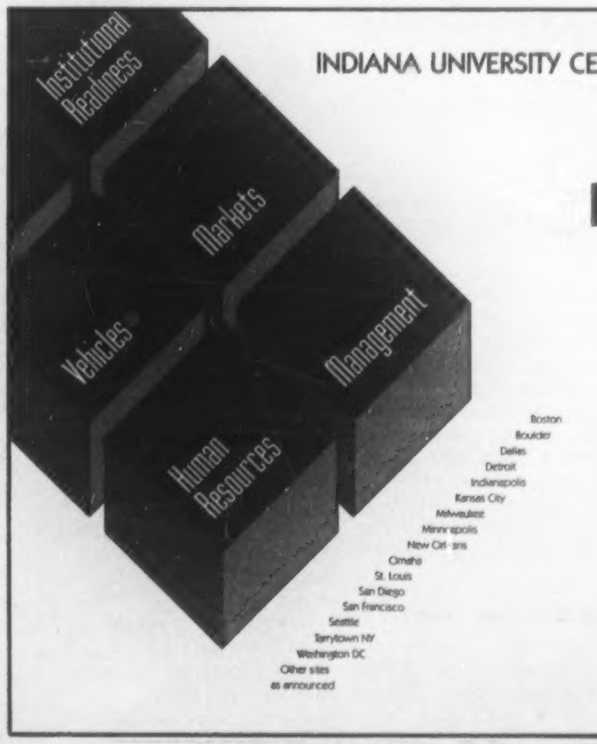
Testamentary Gifts: All bequests realized during the defined duration of the campaign should be counted and reported at full market value. If any amount was previously entered in campaign totals as a pledge, however, this amount must be subtracted from what is credited to the campaign.

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Aspen Institute (Colo.)	Oct. 1991	Oct. 1994	$18,000,000	$10,500,000
Bethany College (Kan.)	Oct. 1991	Dec. 1992	2,000,000	725,000
City Theatre Company (Pa.)*	Spring 1989	Spring 1992	2,400,000	1,932,000
Indianapolis Symphony Orchestra	May 1990	Spring 1995	50,000,000	40,000,000
John Carroll University (Ohio)	June 1990	Dec. 1995	40,000,000	14,100,000
Mississippi Opera	Oct. 1991	Dec. 1992	250,000	12,000
Purdue University (Ind.)	July 1989	1994	250,000,000	132,000,000
Quinnipiac College (Conn.)	Sept. 1991	June 1993	7,000,000	4,410,000
St. Louis Science Center	May 1989	Oct. 1991	34,000,000	34,200,000
St. Jude Children's Research Hospital (Tenn.)	June 1991	June 2000	250,000,000	29,000,000
Southeast Missouri State University	July 1987	March 1992	25,000,000	24,000,000
Tuskegee University (Ala.)	Nov. 1991	2000	150,000,000	54,000,000
University of Evansville (Ind.)	June 1986	Sept. 1991	40,000,000	48,877,066
University of Kentucky	Oct. 1991	Spring 1992	20,000,000	8,200,000
University of Miami	Nov. 1991	Nov. 1994	50,000,000	2,500,000
University of Nevada at Reno	Jan. 1990	Dec. 1995	105,000,000	41,000,000

* Due to a change in the new location for the theater (for which the campaign was initiated), the campaign was put on hold for approximately six months.



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OPINION

Commentary and Letters

What Good Givers Do

By KENNETH N. DAYTON

AFTER 40 YEARS of both asking for and making major gifts to worthwhile causes, I've seen the difference between good givers and bad givers. Fortunately I have seen and been inspired by a lot of good givers, but unfortunately I have witnessed a lot of bad givers as well.

Here's what I think good givers do:

► They aim to be good givers. Like any other important endeavor they undertake, good givers want to do it well. That takes thought, planning, and an attitude that I characterize as trusteeship—the conviction that we all are trustees of the money we have earned or inherited. It is fun to have money only if it can help others, but distributing money in a way that makes a difference is a difficult and wonderful challenge.

► They decide how much to give in a particular year, and in a lifetime as well. There is no right answer to this question, but each person should decide how much he or she can give. In making that decision, it may help to look at some statistics on giving trends. The people of this country give on average 2.5 per cent of their income. That's up from 1.8 per cent a decade earlier. The amazing—and shameful—fact is that low-income givers contribute a higher percentage of their income than their wealthier counterparts. Those who make between $10,000 and $20,000 give 3.2 per cent of their income, compared to only 1.8 per cent for those who make between $50,000 and $75,000 and 2.9 per cent for those who earn over $100,000. Good givers donate much more than that.

MY VIEW

Sometimes donors should try giving twice as much as they were asked for—what fun they will have! Such a gift can open up a whole new world of excitement for them.

► They enjoy giving. They would rather say Yes than No, even though they sometimes have to say No. They are turned on by the pitch of the solicitor and always have open ears. They are happy to part with the money because they know it's going to help. For some, giving is only a painful and necessary act forced by societal and social pressures. But not for good givers—for them, it's a joy.

► They never refuse to be solicited. You don't have to give, but you do have to listen if a personal request is made. People who will not listen, who will not see a solicitor, miss out on so much. They narrow their horizons, they shut themselves off from valuable knowledge and input, and they get typed as miserly skinflints. I know an extremely wealthy person who won't ever see a solicitor. He is a miserable person.

► They see the solicitor as quickly as possible. Like "How about tomorrow at 10:30?," not "Oh, I couldn't possibly consider that until December, or next year, or after I get back from my around-the-world cruise," or "Call me in a year." What help are those answers to people involved in a worthy cause?

► They are always humble, never arrogant. Good givers recognize that the solicitor is doing far more than they are for the good of the cause or the community. All donors are being asked for is money. The solicitor has already contributed time, energy, and money—probably a far higher proportion of his or her income than he or she is asking the donor to give. Solicitors therefore should be congratulated, thanked, and encouraged. Good givers treat the solicitors with respect, admiration, and appreciation.

LETTERS

Staff Members Back Departing Chief of AIDS Fund

To the Editor:

On behalf of the professional staff at the American Foundation for AIDS Research (AMFAR), the undersigned wish to applaud the quality leadership of our former executive director, Robert H. Brown.

We were highly concerned to read the headline of the article that appeared in the November 5 issue of *The Chronicle of Philanthropy* ("Head of AIDS Fund to Quit Following News Reports on His Views About Homosexuals"). We want you and your readership to know that Mr. Brown's resignation was not in any way related to "his views about homosexuals." Mr. Brown during his tenure at AMFAR has shown sensitivity, acceptance, and support for all individuals regardless of race, religion, gender, or sexual orientation.

We stand united to testify that all charges that have been reported in the press regarding his sensitivity to gay issues are totally unfounded, spurious, and absurd. Our experience working with him, both as individuals and as a team, has been positive, reasonable, and without any indication of bias.

The following AMFAR staff, which includes gay and straight men and women, give Mr. Brown their vote of confidence and best wishes. AMFAR has benefited from many of his contributions, including a stronger management structure and a much-strengthened presence on the West Coast and in Washington, D.C.

We send our thanks for his direction, which will help us face the challenges of the AIDS epidemic in the years to come. We wish him well in his future endeavors and we remain his friends.

Megan Chambers
Brian Arndt
Abbey Chernela
and 38 other staff members
American Foundation for AIDS Research
Los Angeles, New York, and Washington

The YMCA isn't just for men

To the Editor:

Just a point of clarification on your item in the "In Brief" section October 8 about distribution of funds to primarily male organizations ("$10-Million Given to Create 'Feminist Brain Trust' ").

The Y is a community-service organization, working to meet the health and social-service needs of families and children. The Y is one of the largest providers of child care in the country. For the last decade, half of our members have been women. We currently serve six million young people under 18.

And Y's are not just staffed by men. More than half of the professional full-time Y staff members around the country are women.

Leslie Cohn
YMCA of the USA
Chicago

Do we really value volunteers?

To the Editor:

It has been interesting to read the letters to the editor in re-

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ATHLETES AND CHARITY: IT'S A NEW BALLGAME

Many sports stars move beyond mere public-relations gestures to create their own non-profits

MARC MORRISON/ALLSPORT

Boxer George Foreman says he returned to the ring after a 10-year hiatus to bring in money for his charitable work, much of which focuses on children. Story on Page 12.

By ANNE LOWREY BAILEY
and ELIZABETH GREENE

When Magic Johnson made front-page news last month with his announcement that he has the virus that causes AIDS, the basketball star was besieged by calls not only from well wishers and reporters but also from groups that raise money to fight the fatal disease.

To manage the flood of requests for his support, Mr. Johnson moved quickly to set up a private foundation in Inglewood, Cal. Already, he has lined up a board of directors studded with names of some of the most powerful figures in Hollywood and professional sports, such as Michael Ovitz, chairman of Creative Artists Agency; Arsenio Hall, the television personality; and Jerry Buss, owner of the Los Angeles Lakers, the basketball team that Mr. Johnson played for before he retired last month for health reasons.

Mr. Johnson, who was actively involved with charity well before his disease was diagnosed, is not the only star athlete being inundated with requests for support. These days, charity by top sports figures is *de rigueur*. It's no longer so much a question of whether an athlete will support non-profits but which organizations will benefit from the visibility a well-known athlete can lend to a cause.

To help manage their giving, many sports figures—such as the Houston Oilers' quarterback Warren Moon, the Chicago Cubs' pitcher Rick Sutcliffe, and the track star Jackie Joyner-Kersee—have created foundations. Others, such as the Phoenix Suns' point guard Kevin Johnson, who built a youth academy for inner-city children in Sacramento, Cal., are lending substantive support for causes that goes well beyond the traditional public-relations gesture.

"There has been an extraordinary expansion of the individual philanthropy of athletes," says Robert L. Payton, director of the Indiana University Center on Philanthropy. "That doesn't mean that they weren't philanthropic in the past. But the scale of what's going on now, which reflects the very large sums of money that athletes have access to, is resulting in a new dimension of philanthropy coming out of sports."

Deep Involvement in Good Works

As more and more athletes endorse charities the way they would sports products, many become deeply involved participants.

"I intend to dedicate my time and effort to making the public, and especially young people, more aware of HIV and AIDS—how the virus can be transmitted and what can be done to avoid having happen to others what has happened to me," said Mr. Johnson last month in announcing plans for the Magic Johnson Foundation, which will be dedicated to AIDS education, research, and care.

Ann Armstrong, ex-

Continued on Page 13

HOLIDAY NOTICE

This is the last issue of *The Chronicle of Philanthropy* before the holidays. The next issue, dated January 14, will be mailed on January 9.

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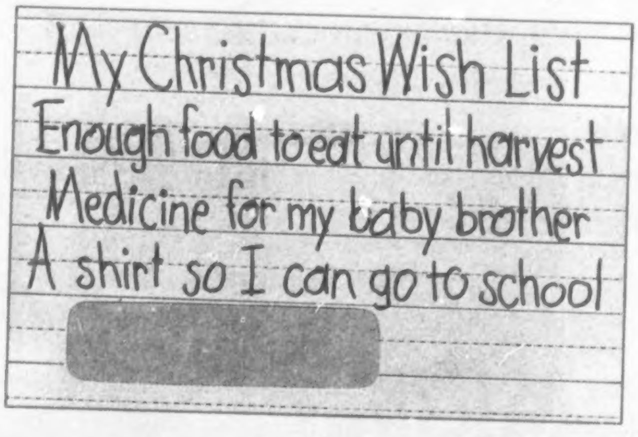

My Christmas Wish List
Enough food to eat until harvest
Medicine for my baby brother
A shirt so I can go to school

Holiday Direct Mail

Food for the Hungry is using a child's scrawled "wish list" (*above*) on the envelope of its holiday fund-raising appeal. A sampling of holiday direct mail being sent by charities this year begins on Page 24.

Record Demand for Food

Food banks are struggling to meet a record demand as more single-parent families and laid-off workers seek help. Only surplus military food has enabled the food banks to keep pace. Story on Page 6.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 5

About Fund Raising

23 The recent troubles of some well-known insurance companies should lead charities and donors to exercise care in arranging gifts of life insurance, experts say.

30 One insurance company is offering a new kind of charitable life-insurance gift.

35 The Internal Revenue Service has revoked a ruling on life-insurance gifts (Tax Watch).

24 This year's holiday fund-raising mail includes Christmas cards for donors, cards for the recipients of charity, and information on planned giving.

28 Charities are gearing up for a lobbying campaign to extend and make permanent a tax break for gifts of appreciated property.

28 Ideas: "Crime" pays for a library, a hospital's capital campaign gets help from on-the-job donations, and a jumping-frog contest aids a blindness charity.

29 Two charities hope to benefit from a holiday comic book featuring Spider-Man and O. Henry.

30 Three federal agencies are reportedly investigating the fund raising of Robert Tilton, a television preacher who was the subject of an unflattering portrayal on an ABC news show.

29 Minnesota charities received 39 per cent of the money collected for them by professional solicitors in the past year, says the state's attorney general.

29 Connecticut has charged a health charity with deceptive solicitations.

29 Update on campaigns for endowments and capital improvements.

30 Interest rates for planned gifts issued by the Internal Revenue Service.

About Gifts and Giving

1 Professional athletes are playing an increasing role in philanthropy, going beyond traditional public-relations gestures to start their own non-profits and foundations.

23 Most of the donations earmarked for specific charities or causes in United Way drives go to organizations affiliated with United Way.

10 A new study has found some differences between donors to three types of charities: arts, environmental, and youth groups.

35 The number of taxpayers claiming charitable deductions on their returns has dropped in the last 20 years, but the amount of contributions being deducted is up substantially (Tax Watch).

18 A Texas medical center has received two $25-million donations; other recent gifts.

About Volunteers

8 Points of Light 624 to 635 were named by the Bush Administration.

FOOD CONSERVERS, INC.
A STATE-WIDE RESPONSE TO HUNGER

CHARLES R. LEE

Food banks face a record demand. 6

About Human Services

6 The nation's food banks are struggling with record demand and falling private donations.

8 The number of children staying in shelters provided by rescue missions is up 33 per cent this year.

8 The Michigan Legislature has approved a special tax break for donations to soup kitchens and homeless shelters.

8 The Bank of America will invest $70-million in a non-profit effort to provide low-cost rental housing in seven Western states.

About Grant Makers

8 International Business Machines will give less to charity in 1992 than it did this year, but it expects to remain America's largest corporate donor.

8 The Robert Wood Johnson Foundation will spend $9-million to help communities locate young children who have not been vaccinated against common diseases.

36 Foundations should avoid trying to solve social problems in isolation, says the executive vice-president of the Tandy Foundation (My View).

Of Special Interest to Board Members

23 **Board members could be held liable if charities that solicit gifts of insurance do not do enough to check on the soundness of the companies issuing the policies.**

31 **An IRS ruling that bowl games owe unrelated-business income tax on their income from corporate sponsorships could affect other non-profits.**

About Managing Non-Profits

31 An IRS ruling that two football-bowl organizations must pay unrelated-business income tax on contributions from corporate sponsors may have implications for other non-profits.

35 The IRS says some arrangements between non-profit hospitals and their physicians may jeopardize the institutions' tax-exempt status (Tax Watch).

33 Non-profits that lost thousands of dollars after two New York City banks collapsed last year would get their money back under legislation passed by Congress.

32 Pennsylvania authorities are investigating the way in which a charity has passed on commodities to other groups and counted the value as program-services spending.

35 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About Research

37 So little is known about philanthropy and non-profits because researchers—and the organizations that finance them—have not asked the right questions, says columnist Pablo Eisenberg (Opinion).

About International Philanthropy

7 Non-governmental organizations in the Arab world want closer ties to the West, but they are fed up with being patronized recipients of foreign aid, said several speakers at the second World Congress on Philanthropy.

11 A small but growing number of foundations and corporations are making grants to deal with the spread of AIDS in the third world.

8 Japanese donations to U.S. non-profits give the Japanese too much access to and influence on American research and economic policy, says a new report.

Also in This Issue

33 **Press Clippings:** The *Washington Monthly* on non-profit lobbying, *Travel & Leisure* on volunteer vacations, *Commentary* and *Columbia Journalism Review* on public television, and *Vanity Fair* and *The New York Times Magazine* on the Hemlock Society.

36 **Letters** on what charities can learn from businesses, rivals of United Way, and jargon in fund raising.

Correction

Because of inaccurate information supplied by the American Association of Retired Persons, an article on the association's employee-giving campaign incorrectly stated the amount by which giving increased between 1990 and 1991. Contributions increased by 6.6 per cent.

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Study Finds Differences Among Donors to Arts, Environment, and Youth Groups

While donors and volunteers are motivated primarily by altruism, other goals and values may determine what type of charity receives their largesse, a study has found.

Independent Sector, a coalition of charities and foundations, used data from its 1990 "National Survey on Giving and Volunteering the United States" to sketch a profile of donors and volunteers to three types of charities: youth groups, environmental organizations, and arts institutions.

The desire to help people less fortunate and to "do something useful" were the main factors motivating givers and volunteers in all three categories. But the study found differences in the secondary motivations of those same people.

The study also revealed variations in socioeconomic background and giving levels of donors to different types of groups.

Arts groups. According to the survey, 10 per cent of all Americans gave to arts groups last year, making it the least popular of the three types of charities. But arts donors' average household contribution was $2,115, nearly twice the average for donors to youth groups and environmental organizations.

Part of that may be explained by the finding that arts donors were more likely to earn a high income than other donors.

Arts volunteers were more likely than volunteers generally to cite personal fulfillment outside of work, religious concerns, and a previous benefit from the organization as factors behind their donation of time.

Arts donors also cited a need to insure the continuation of an institution that benefited their family or community as a major reason for giving.

Arts organizations had a higher proportion of older donors—those over 65 years of age—than youth and environmental groups.

Youth groups. According to the survey, 22 per cent of all Americans gave to youth-related activities, making them more popular than arts or environmental groups.

Volunteers for youth organizations were more likely than other volunteers to get involved because someone they cared about, usually their children, benefited and because of religious commitments. A major goal of youth-group volunteers was to "teach self-sufficiency."

Meeting religious commitments and gaining a "sense of satisfaction" were important secondary reasons why people contributed money to youth groups.

Donors to youth groups were far less likely than donors to arts and environmental organizations to be wealthy or to have a college degree.

Half of all donors to youth groups first gave because they were asked in person to do so, a significantly higher percentage than for donors to arts and environmental groups.

Environmental organizations. The survey found that 13 per cent of Americans gave to at least one environmental organization last year.

More than 45 per cent of environmental-group volunteers gave more time last year than in 1988. But despite the growing interest in preserving the environment, environmental-group volunteers were more likely than other types of volunteers to say they had donated less time last year.

Virginia A. Hodgkinson, vice-president for research at Independent Sector, said that finding should alert environmental groups to step up recruitment efforts. "It looks to me that they are focusing on workplace giving and letter writing, but they're not focusing on the number of people they're bringing in as new volunteers, who are their future givers," she said.

Donors to environmental groups were far more likely to have made their first gift in response to a direct-mail solicitation than were givers to other types of groups, the study found.

Environmental groups had a higher percentage of young donors—those 18 to 24 years old—than did arts and youth organizations.

Religious people were less likely to give to environmental organizations than to youth and arts groups.

—KRISTIN A. GOSS

Profile of Donors and Volunteers of Arts, Environmental, and Youth Groups

	All donors	Arts donors	Environment donors	Youth donors
Average household contribution	$978	$2,115	$1,091	$1,128
Percentage of U. S. population	75.1%	9.6%	13.4%	21.7%
Average percentage of household income donated	2.5	4.0	2.2	2.6

Who They Are

	All donors	Arts donors	Environment donors	Youth donors
Age				
18-24	8.6%	6.1%	10.5%	7.7%
25-44	45.7	50.9	55.3	55.0
45-64	28.1	28.6	23.9	27.7
65 and older	17.2	13.6	9.8	9.1
Education				
Less than high-school graduate	16.9%	2.4%	5.3%	8.5%
High-school or technical-school graduate	39.6	25.7	35.1	38.6
Some college	19.6	21.3	20.7	24.8
College graduate	22.7	50.2	38.4	26.9
Income				
Under $20,000	23.4%	9.8%	15.1%	11.9%
$20,000-39,999	36.8	30.4	30.1	39.3
$40.000-59,999	20.7	20.7	23.4	26.3
$60,000 and over	19.2	36.2	31.3	21.1
Sex				
Female	53.3%	56.4%	53.3%	57.8%
Male	46.7	43.6	46.7	42.2
Race				
Black	8.4%	2.1%	0.8%	4.8%
White	89.5	95.0	95.6	94.4
Hispanic	5.5	2.3	2.0	5.3
Other	2.1	2.9	3.6	0.8
Marital status				
Married	69.0%	73.8%	71.0%	75.9%
Single	14.2	12.8	18.3	11.6
Divorced/separated/widowed	16.0	12.2	9.9	12.0
Region				
Midwest	27.4%	21.0%	33.3%	31.3%
East	25.8	28.9	31.2	26.6
West	21.5	32.5	21.1	24.0
South	25.3	17.6	14.4	18.1

Note: Some percentages may not add to 100 due to rounding. Percentages in the race category add to more than 100 because Hispanics are also counted as black or white.

Why They Give and Volunteer

	All donors	Arts donors	Environment donors	Youth donors
How they came to give				
Decided on own	—	28.0%	29.0%	27.0%
Personally asked	—	27.0	28.0	50.0
Responded to letter	—	16.0	28.0	7.0
Responded to advertisement	—	14.0	6.0	2.0
Responded to telephone	—	7.0	4.0	7.0
Major background influence				
Parent's example	43.2%	50.5%	43.3%	47.0%
Social or political philosophy	—	46.3	40.7	—
Personal values	70.3	83.4	81.4	76.0
Religious beliefs	57.9	60.7	47.6	59.5
Why they volunteer				
Enjoy work/felt needed	33.6%	32.3%	39.1%	30.8%
Do something useful	62.2	76.9	69.0	66.4
Learn/get experience	7.8	8.8	7.4	10.3
Someone I care about benefited	28.9	28.7	38.0	55.3
Previously benefited	8.9	13.7	12.2	15.4
Religious concerns	26.4	30.9	25.7	32.5
Have a lot of free time	10.1	15.3	13.4	6.6
To engage in activities more fulfilling than work	8.4	14.0	11.7	9.1
Major motivations				
Help those with less	58.1%	59.3%	61.9%	62.9%
Sense of satisfaction	53.5	—	55.2	52.6
Meet religious commitments	50.8	—	—	54.0
Insure continuation of activities for me and my family	—	50.4	—	—
Major goal				
Increase opportunities for others	58.0%	62.7%	64.7%	65.1%
Improve cultural life	—	54.1	53.6	—
Enhance moral basis	51.6	50.6	53.8	57.4
Find cures for diseases	58.0	55.7	61.5	62.2
Help grassroots organizations	—	53.7	56.2	—
Protect the environment	51.5	65.4	74.2	56.8
Teach self-sufficiency	—	—	—	52.6

SOURCE: Independent Sector

Food Banks Struggle to Meet Record Demand

Continued from Page 9

food from houses along their regular routes.

► Seattle's Northwest Harvest has started a newsletter that is mailed to both long-standing and prospective donors every three months. Ms. Velozo, the food bank's director, says the newsletter uses a personal touch to tell people about the needs of the poor and the ways in which businesses and charities are responding to that demand. She says the newsletter has led to increased donations of food, cash, and services, such as free trucking and storage space. It has also helped bring in new volunteers, she says.

► Louisville's Wayside Christian Mission, which serves 600 to 800 meals daily, is trying to cut expenses, says Tim Moseley, its executive director. He says the number of people seeking help from the mission has increased 15 per cent above one year ago while private donations are down 15 per cent. He says the mission hopes to save money by buying cheaper cleaning materials, making staple supplies last longer, and cutting down on the use of electricity.

Less Cynicism

The expanding number of people seeking help from food pantries and soup kitchens is producing one unintended benefit, says Ms. Stewart of the Atlanta Community Food Bank. As the recession worsens, fewer people tend to be cynical about the food bank's holiday appeals for donations, she says.

"You don't have to convince people that there is hardship in a community, because more have experienced it personally," she says. "I think that is different than in years past."

FUND RAISING

Trends and Ideas

Warning on Life-Insurance Gifts

Charities should heed recent troubles in the industry and check out companies, experts say

By GRANT WILLIAMS

THE COLLAPSE of several prominent insurance companies has led fund-raising experts to urge charities and donors arranging gifts of life policies to check to be sure they are backed by sound organizations.

While most companies appear to be in good financial shape, the need for caution has been underlined by the difficulties of several insurers this year, including Mutual Benefit Life Insurance Company of New Jersey, one of the nation's 20 largest insurers, and Executive Life Insurance Company of California.

It is unclear how many charities, if any, have been affected by the insurance companies' troubles.

"I'm sure when most people start to talk about gifts, they look for the lowest premiums," says G. Douglass Alexander, an Atlanta-based fund-raising consultant, instead of "making sure they are buying a quality product."

He adds: "To be quite honest, this issue has not been a concern, and it should be. There's a bit of a feeling out there that insurance companies are regulated, and everything must be all right. We get a little shocked when [companies falter]."

All states have guarantee associations to back up policies of crippled or insolvent insurers, but experts say it is wise to check on the coverage provided by state laws. If a policy exceeds the amount guaranteed, a charity could lose money it had counted on, and donors might be angered that the charity didn't do more to check into the health of the insurance company.

What's more, board members could be held liable in some cases, if a charity did not do enough to guarantee that a life-insurance gift was backed by a sound company.

Insurance Gifts Take Many Forms

Gifts of life insurance can be made in a variety of ways. A charity can ask a donor to:

► Buy a new policy, making the charity the irrevocable owner and beneficiary.

► Transfer ownership to the charity of a partially paid or fully paid policy.

► Give money to the charity, along with permission for it to take out a policy on the donor's life. The charity pays the premium from the contribution.

Many charities and donors like life-insurance gifts because they permit donors, especially those who are not wealthy, to make substantial contributions at a relatively low cost.

> **"This issue has not been a concern, and it should be. There's a bit of a feeling out there that insurance companies are regulated, and everything must be all right."**

A 45-year-old, for example, could make a $50,000 life-insurance gift to a charity for an investment of less than $14,000, paid out over five years.

Highly publicized company collapses "certainly do not mean that the whole industry is in trouble," says Mark Lucius, corporate information officer for Northwestern Mutual Life Insurance Company in Milwaukee. Northwestern Mutual's agents have sold about $68.7-million in charitable life-insurance policies since 1986.

The recession has been difficult for many companies. Some have invested heavily in real estate, which has been hit hard by the downturn, and in junk bonds, which are lower-rated corporate bonds that have high yields.

"The industry is actually doing very well, over all," says Mr. Lucius. "But the industry has been so reliable for so long that the problems of a few scare a lot of people. People should look into it."

Saint Louis University checked the health of its insurance company before starting a program to encourage donations to its endowment through life-insurance gifts, says the Rev. J. Barry McGannon, the school's chancellor. The university has attracted more than $21-million in commitments over the past five years.

"When going into any insurance program, each charitable organization has to find a comfort level" with the stability of the company involved, says Father McGannon.

"If charities have questions, they should take whatever means are necessary to answer those questions," he says, adding that he still has "great confidence in the insurance industry" over all.

The University of Rochester in New York rarely suggests the names of companies to potential donors of life-insurance gifts, says Jack Kreckel, director of development for planned giving.

When it does, it recommends only companies that have earned the institution's confidence, he says. "Most of the clients we work with who make those kind of gifts have relationships with agents, and it usually never comes up," he adds.

However, Mr. Kreckel says organizations and individuals should closely review the companies they buy policies from. "Given what's going on in the insurance business," he says, "that's a good thought."

Not Backed Up by Federal Government

Unlike savings-and-loan and bank deposits, insurance policies are not guaranteed by the federal government. When an insurance company fails, state guarantee associations generally back them up. Each association gets the money to pay off policies by assessing healthy insurance companies doing business in the state.

The process is complicated, however. State funds can take varying lengths of time to pay back people who have lost money and have different restrictions and caps on what they will cover.

"It's not that easy to understand the differences from one state to the other, because the coverage is like a quilt, with

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Most 'Donor Choice' Gifts Stay in United Way System, Study Finds

By BRUCE MILLAR

MORE UNITED WAYS are giving donors opportunities to earmark gifts for specific causes or charities—including those not affiliated with United Way—but that has had little effect on the proportion of contributions that go to non-profits that don't traditionally receive support from the big fund-raising federation.

A new report by United Way of America says 64.2 per cent of all earmarked 1990 contributions went to groups affiliated with United Way. In 1989, 63 per cent of earmarked donations stayed within the United Way system.

The report was based on information provided by 272 United Ways, most of which raised more than $1-million apiece in 1990.

The issue of giving donors more control over their contributions has been controversial at United Ways. Many opponents of the idea say they worry that charities that have long relied on United Way aid might be hurt under so-called donor-choice programs. The new report indicates that such fears may be unfounded.

In campaigns run by private organizations, 77.6 per cent of all earmarked dollars in 1990 went to United Way–affiliated agencies. In 1989, 78.8 per cent of the earmarked dollars stayed within the United Way system.

Between 1989 and 1990, the proportion of United Ways that offered donors the option of making gifts to non-United Way charities increased from 51 per cent to 64 per cent, according to the survey.

Bob O'Connor, United Way of America's vice-president for research services, said the small increase in dollars leaving the United Way system reflected donor satisfaction with choices offered by United Ways.

"I think the reason for that is that United Ways are doing a better job of marketing themselves as a better choice," he said.

Not many donors took advantage of the opportunity to earmark gifts: Only 17.2 per cent of all dollars raised in public and private campaigns were designated for particular causes and charities, according to responses from 191 United Ways. That means that United Ways were allowed to decide how to distribute 82.8 per cent of all dollars raised.

Hunger and homelessness were the leading causes to receive earmarked donations, receiving 20.8 per cent of all gifts designated for specific needs.

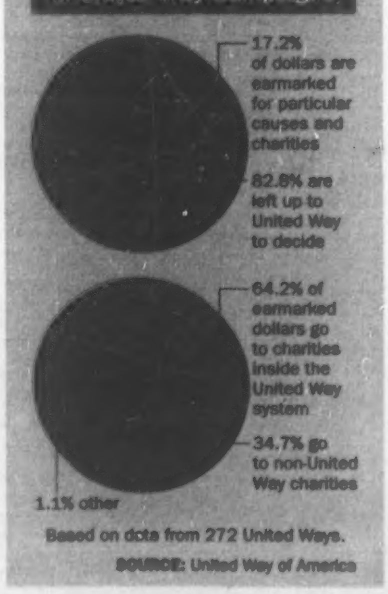
Other leading causes were spouse- and child-abuse services at 13.4 per cent, youth and child services at 11.7 per cent, and elderly services at 10.8 per cent.

Cancer Groups Get Most Gifts

Cancer groups, including the American Cancer Society, were the top recipients of earmarked donations, receiving 8.3 per cent of all designated gifts, the report said. Other top recipients were hospitals and other health agencies (6.5 per cent) and child-welfare organizations (4.4 per cent.) Family-service groups, such as organizations that provide counseling and emergency assis-

Continued on Page 30

How Donors Earmark Gifts in United Way Campaigns



Based on data from 272 United Ways.

SOURCE: United Way of America

2 Charities Hope Spider-Man Will Be Their Santa Claus

Two charities are looking for a man in a red suit to fly through the air and bring them gifts this year, but he isn't Santa Claus. He's Spider-Man.

The masked superhero is one of many characters in a holiday comic book, *Within Our Reach*, that is being sold in stores across the country to raise money for the American Foundation for AIDS Research in New York and the Sempervirens Fund, an environmental organization in Los Altos, Cal.

Mike Friedrich, president of Star Reach Productions, a company in Berkeley, Cal., that represents comic-book artists, came up with the idea for the project early last year. He has spent the past year recruiting and working on the book with more than 20 artists and writers.

Artists Chose Causes

Star Reach clients helped pick the causes that would receive the proceeds from the book—the environment and AIDS.

"As an industry that chews up trees, we feel a special kinship to preserving forests for future generations," wrote Mr. Friedrich in the introduction to the book.

The other cause was chosen because "all of us have been touched by AIDS in some fashion, and many of us have had the disease strike among our families and friends."

The Sempervirens Fund and the AIDS foundation were selected because they were "future-oriented organizations," he said.

The final product is an 80-page, full-color book that illustrates a range of Chistmas-related stories, including O. Henry's classic "Gift of the Magi" and a short story about a man dying of AIDS called "Home for Christmas."

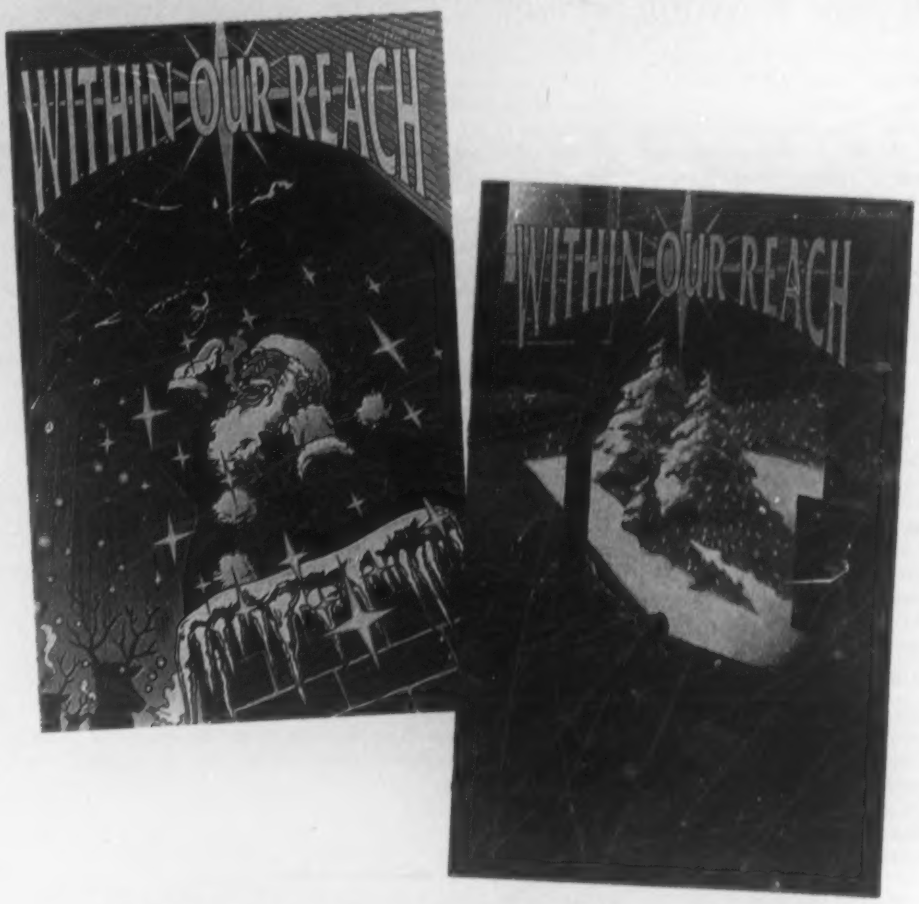
Almost all of the expenses for the book, including the artwork and distribution, have been donated. After printing costs are deducted, about $2 of the $7.95 price will be donated to the charities.

Mr. Friedrich says he hopes to raise $20,000 to $30,000, to be divided equally between the two groups. He adds that Star Reach may reprint the book if it sells well this year, but says he has no plans to repeat the project in the future.

Says Mr. Friedrich: "It was a major undertaking."

The company stopped publishing books in 1979 to focus its attention on representing artists. "However, when the idea of producing a benefit Christmas comic occurred to us in early 1990, we decided to make a one-time exception," he said.

Copies of *Within Our Reach* may be ordered at a discount by sending $7.50 to the Sempervirens Fund, Drawer BE, Los Altos, Cal. 94023. —JENNIFER MOORE



An AIDS fund and an environmental group will benefit from sales of "Within Our Reach," a comic book with one cover aimed at children (left) and another aimed at adults.

IN BRIEF: Fund Raising

Minn. Charities Got 39% of Gifts Raised by Solicitors

Minnesota charities received 39 cents of every dollar raised on their behalf by professional solicitors in the past year, according to a study by Attorney General Hubert Humphrey III.

Professional solicitors raised $6.7-million from Minnesota residents and gave $2.6-million to the client charities, according to the study.

The amount given through professional solicitors dropped by $2.1-million this year, in part because fewer charities hired professionals to run their campaigns. In addition, lawsuits filed by the state have led some professional fund raisers to be barred from raising money in the state.

The report said the proportion of contributions that a charity keeps could be affected by factors other than the professional solicitor's fee, including whether those solicited have given to the charity in the past and whether the solicitor offers something in exchange for a donation.

Conn. Sues Charity Over Fund-Raising Appeals

The State of Connecticut has sued the Multiple Sclerosis Foundation, a "sound alike" charity unrelated to the better-known Multiple Sclerosis Society, along with a fund raiser for the foundation, for allegedly deceptive solicitations.

The fund raiser, WRG Enterprises of Sarasota, Fla., is charged with telling potential donors that they had given to the charity previously when they had not; of leading potential donors to believe that the Fort Lauderdale, Fla.–based foundation was a local charity benefiting Connecticut residents; and of failing to disclose that the company was a paid solicitor.

The lawsuit, filed by Attorney General Richard Blumenthal, says WRG Enterprises falsely told potential donors that the money raised for the MS fund would be used as financial assistance to people with the disease. The lawsuit charges that the foundation approved the statement.

William R. Garden, the company's president, denied the charges. "The Attorney General only has part of the facts, and they don't even have them right," he said.

The Attorney General said the principals of both WRG and the MS Foundation were members of Mr. Garden's family.

Cody Garden, who is Mr. Garden's son, and Cody Garden's wife started the fund, said Errol Copilevitz, a Kansas City lawyer who represents WRG. He said that William Garden had had nothing to do with the foundation's formation, and that WRG had worked for the foundation only once, in its Connecticut appeal. Cody Garden said he had "no affiliation" with WRG.

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Bolles School (Fla.)	Sept. 1989	Sept. 1994	$8,000,000	$6,800,000
Colorado School of Mines	July 1989	June 1994	60,000,000	33,000,000
Gordon College (Mass.)	Fall 1985	Fall 1991	16,000,000	17,600,000
Hotchkiss School (Conn.)	July 1987	Dec. 1994	100,000,000	48,000,000
Learning Center for Deaf Children (Mass.)	Fall 1989	March 1992	1,045,000	745,000
Mary Washington College (Va.)	Jan. 1987	June 1991	5,000,000	6,300,000
Nathan Adelson Hospice (Nev.)	Summer 1991	Summer 1992	6,000,000	3,000,000
Recording for the Blind (N.J.)	July 1989	July 1994	30,000,000	13,800,000
University of Georgia	July 1989	June 1994	150,000,000	78,000,000
Venice Hospital Foundation (Fla.)	July 1990	June 1992	2,700,000	1,200,000
Vocational Guidance Services (Ohio)	Oct. 1989	Summer 1992	2,600,000	2,300,000

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Insurance-Industry Troubles Prompt Warning on Gifts

Continued from Page 23

patches, rather than a blanket," says Mr. Lucius.

There's no reason for charities and donors to panic, says the American Council of Life Insurance, a trade group in Washington.

In any given year, 25 to 30 life-insurance companies are taken into receivership by state insurance commissioners, the council says. These companies may have been operating without enough capital, or may have experienced a "run" by policyholders seeking to redeem policies that the companies don't have the cash to back up.

In most cases, the council says, regulators seize a company before it is insolvent and no longer able to meet its liabilities. Most seized companies are successfully rehabilitated, sold, or liquidated without the need to call on state guarantee associations—and without losses to policy holders.

Reviews of Companies

One way for charities and donors to check out companies is to look up the reviews of them that are issued by national ratings agencies. Some ratings come with written evaluations or company profiles.

Robert L. Thompson, chairman of Ketchum Inc., a fund-raising consulting company based in Pittsburgh, says that non-profits need to check out key facts about the insurer's size and financial profitability.

To find out, Mr. Thompson says, they can ask an insurance company for a financial report that provides:

► An analysis of its investment portfolio, revealing the diversity and quality of its assets.

► A description of its current and past investment strategy, "showing how much of it is in real estate and junk bonds."

► An accounting of its cash reserves—crucial to paying off claims in the event of a "run" on the company by policy holders. Many of the insurance companies that collapsed this year had small cash reserves.

"It comes down to the questions of what are their reserve and surplus standards, what do they set aside, and do they have enough money and a decent operating position," says Mr. Thompson.

Help from Accountants

To help wade through all this information, charity boards should have a certified public accountant scrutinize the insurer, says James P. Keating, president of Endow America, a fund-raising consulting company in Sacramento.

"If I were a director for a charity, I would always want to be seen as acting prudently, because the board can be held liable," Mr. Keating says.

Robert F. Sharpe, Sr., a fund-raising consultant in Memphis, says he warns charities against adopting a gift program that uses only one life-insurance company and agent.

When charities do this, "they have in effect given an implied endorsement to the quality of the company, the agent, and the product," says Mr. Sharpe.

If the insurance company has problems or fails, "you the charity have endorsed it," he says. "And who is going to be embarrassed, who is going to be left holding the bag? The charity's planned-giving person."

Mr. Sharpe's advice: "Tell people they can give life insurance, but advise them to go to their own agent and company, and let the purchase of it be between donors and the company agents."

Mr. Sharpe adds: "If charities keep giving an implied endorsement of insurance companies, when are they going to start endorsing stockbrokers and real-estate agents and mortgage bankers? We become 'big father' for everything involving money."

Concern Over Rates of Return

Experts also say that charities and donors should be wary of insurance companies' predictions of their policies' future rates of return, which are projected in the initial sales pitch.

Deborah Blackmore Abrams, director of development at Radcliffe College, says those assumed rates sometimes "are based on an economic model that may or may not have anything to do with reality."

If the rates of return are not achieved, especially when a sour economy brings lower interest rates, the charity may have to ask donors to pay premiums over a longer time than originally planned or pay higher premiums to make up the loss in the policy's value.

Mr. Sharpe says a charity that chooses to get involved with a particular insurer "must make certain that the projected interest rates are not taken as fact; they are merely illustrations, and have nothing whatever to do with future performance of that company."

The guaranteed interest rates promised in the policy are the key figures, says Mr. Sharpe.

He adds: "The big question is whether the trustees and the chief executive and the development people want to be saddled with a policy that they were sure would be paid up in 5 years—and it now may take 7, 9 or 13 years to pay it up."

How to Check on Insurance Companies

Experts on life-insurance gifts to charity suggest that organizations take several steps before arranging for such donations.

Look up reviews of a life-insurance company issued by national ratings agencies. Non-profits can obtain some ratings from insurance agents, from public libraries, or by contacting the services directly:

► A. M. Best Company will provide company ratings over the telephone. First call (908) 439-2200, extension 5552, to get the company's Best identification number. Then call (900) 420-0400 to get the rating. The charge for the second call is $2.50 a minute; an average call takes two to three minutes for each rating. A printed report can be ordered during the telephone call for $10. In-depth reports are available for $15. Write: Ambest Road, Oldwick, N.J. 08858.

► Moody's Investors Service will provide a rating over the telephone at no charge other than the cost of the call at (212) 553-0377. The service prefers not to handle requests through the mail.

► Standard & Poor's Insurance Rating Services will provide ratings for five companies over the telephone at no charge other than the cost of the call, at (212) 208-1527. Full reports are available for $25 each by writing the agency's Marketing Department, 26 Broadway, New York 10004.

► Weiss Research will provide a company's rating over the telephone for $15 each. A printed, one-page brief is $25 for each company; an 18-page report costs $45 a company. Call (800) 289-9222, or write P.O. Box 2923, West Palm Beach, Fla. 33402.

Get details about a company's size and financial profitability. Ask it for a financial report that provides:

► An analysis of its investment portfolio that reveals the diversity and quality of its assets.

► A description of its current and past investment strategy, including how much is invested in real estate and junk bonds.

► An accounting of its cash reserves.

Have a certified public accountant scrutinize the company. A review of financial reports available in the state in which the insurance company is incorporated is considered essential by experts.

Make sure the parent insurance company has been identified. Some companies are owned by others, and confusion can result. —GRANT WILLIAMS

Texas and U.S. Investigate Activities of TV Preacher

Three federal agencies and the Texas Attorney General are investigating the finances and fund raising of Robert Tilton, a flamboyant television preacher who was the subject of an unflattering report on ABC's "PrimeTime Live" television show last month.

The Federal Bureau of Investigation, the Internal Revenue Service, and the U.S. Postal Inspection Service are looking into Mr. Tilton's operation, said Jim Travell, a spokesman in the Postal Inspection Service's Fort Worth division.

Mr. Tilton's Word of Faith Family Church is based in Farmers Branch, Tex., a Dallas suburb. His direct-mail and financial operations are in Tulsa, Okla.

Postal inspectors are examining whether Mr. Tilton committed mail fraud in his handling of fund-raising appeals and contributions, Mr. Travell said. The IRS and the FBI do not confirm or deny the existence of any investigation.

Texas Attorney General Dan Morales's office in Dallas, meanwhile, is looking into whether Mr. Tilton's fund-raising appeals violated the state's laws on charitable solicitations and deceptive trade practices, sources said.

"PrimeTime Live" alleged that Mr. Tilton's followers sent him at least $80-million a year, and that he used it mainly to enrich his ministry and support a lavish life style.

Mr. Tilton denied any wrongdoing. He said the program had underestimated his ministry's charitable activities around the world. Regarding his wealth, he told viewers: "So what? I never preached poverty to you."

In response to the ABC report, Rep. J. J. Pickle, the Texas Democrat who chairs the Oversight Subcommittee of the House Ways and Means Committee, said he was likely to hold hearings next year on oversight of television ministries and on their tax-exempt status.

—KRISTIN A. GOSS

Most 'Donor Choice' Gifts Last Year Stayed in the United Way System

Continued from Page 23

tance, received 4.1 per cent of total earmarked donations, as did the Salvation Army.

Some other findings of the study:

► Eighty-six per cent of United Ways that allow donors to earmark donations to non-United Way charities charge a handling fee to the charity, averaging 10 per cent of the gift amount.

► Planned Parenthood was the most frequently named organization when donors asked that their donations not be given to a particular charity. Planned Parenthood was named in 56 per cent of all so-called negative donations reported in 1990, the report said. Heart organizations including the American Heart Association, ranked second, receiving 7.2 per cent of all negative donations. Only about $1.2-million of all earmarked gifts—less than 1 per cent—were negative designations.

Copies of the report are available for $10 each. Contact: Tony De Cristofaro, United Way of America, 701 North Fairfax Street, Alexandria, Va. 22314.

—BRUCE MILLAR

New Life-Insurance Policy Allows Up to $10,000 in Gifts to Charities

The Prudential Insurance Company of America has announced a new type of insurance policy to benefit non-profit groups.

The policy, which is to be called "Charity Plus," will be offered by Prudential agents as a companion to new life-insurance contracts. Prudential will offer customers the opportunity to buy $2,500 to $10,000 worth of insurance to benefit charity.

The insurance company said the additional premiums would be relatively low, because the price would only cover Prudential's cost, and that agents would not receive any commissions on the charitable portion. Normally, when donors make gifts of life insurance, the agents are paid a commission.

Donors can make gifts of life insurance in a number of ways. For example, a person who owns a policy that is no longer needed, such as one that was created for the benefit of a spouse who died first, could give the policy to charity.

Craig Wruck, director of major and deferred gifts at the University of Minnesota's Twin Cities campus and a vocal opponent of gifts of insurance in the past, said the new program "overcomes the objections a lot of us have had."

Mr. Wruck said that, in some cases, donors who had been giving money to charities had been urged to buy insurance policies to increase the size of their gifts, instead of giving cash. The institutions would ultimately benefit to a certain degree, he said, but in the meantime, by marketing insurance gifts, charities would siphon away existing financial support.

Since the Prudential program is designed to offer insurance customers a new opportunity to be charitable, rather than offering donors the opportunity to buy life insurance, "it keeps it all in the proper perspective," Mr. Wruck said.

—VINCE STEHLE

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

January	9.8%
February	9.6
March	9.4
April	9.6
May	9.6
June	9.6
July	9.6
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6

SOURCE: PG Calc Inc.

TAX WATCH

IRS Says Some Joint Ventures Threaten Hospital Exemptions

THE INTERNAL REVENUE SERVICE has ruled that non-profit hospitals could place their tax exemptions in jeopardy by engaging in certain kinds of joint ventures with doctors on their medical staffs.

The ruling, which reversed earlier positions taken by the service, said the problem arises when hospitals sell some of their earnings, called revenue streams, from departments such as outpatient services to private physicians. Hospitals could make such arrangements to give doctors a stake in an enterprise or service and to keep physicians affiliated with the institutions.

Such deals can get hospitals in trouble because they permit individuals to improperly benefit from charitable assets, the IRS said.

The ruling came as the IRS continued what it calls a major review of large systems of non-profits—chiefly hospitals and universities. The revenue service "has been looking for a way to attack physician-hospital relationships," said an analysis prepared by Coopers & Lybrand, an accounting firm.

Earlier rulings by the service approved the arrangements on the basis that they furthered charitable purposes by making operations more efficient, the analysis said.

"In retrospect, the IRS held that this conclusion was erroneous, and that although hospital business might be improved, the exempt purpose of improving health care in the community had not been furthered," said Coopers & Lybrand.

In three cases reviewed in the ruling, hospitals entered into joint ventures, directly or through subsidiaries, with doctors who had admitting or staff privileges at the institutions.

The agreements provided that the hospitals would continue to operate the departments and set and collect charges from patients. In two of the cases, the hospitals would pay the investors the net revenue streams of the departments and, in one case, the adjusted gross patient revenues (*General Counsel Memorandum 39862*).

Ruling on Life-Insurance Gifts Is Revoked by IRS

THE IRS has revoked a letter ruling that triggered controversy when it was released in March.

In its original decision (*Letter Ruling 9110016*), which applied only to an unidentified New York woman who requested it, the service said the donor could not claim federal tax deductions on income, gift, and estate taxes for a charitable donation of life insurance. The reason: New York law did not recognize charities as having an insurable interest in their donors.

The IRS said that because the donor was going to purchase the policy with the intention of immediately giving it to charity, the charity had effectively obtained the policy on the donor. The IRS said that would violate New York law, which at the time said that one must have an insurable interest in a person to obtain a policy on his or her life.

In response to that ruling, the New York Legislature clarified the state law to allow a donor to purchase life-insurance policies and then immediately to assign them to charity, so long as the gift was the donor's idea.

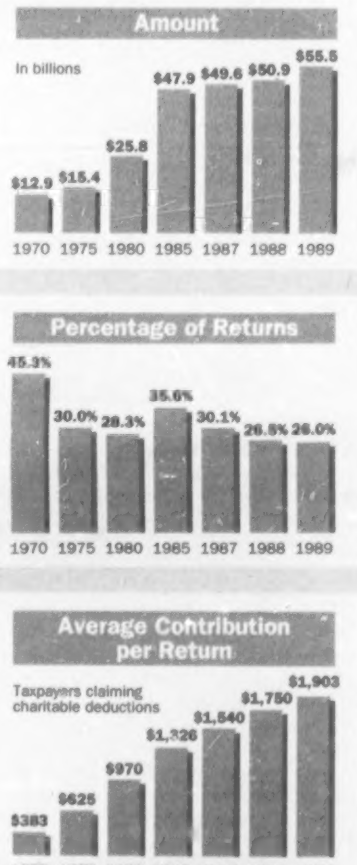
Several other states changed their laws to give charitable organizations a clear insurable interest.

The new IRS decision (*Letter Ruling 9147040*) noted that New York had changed its law and that it applied retroactively.

The IRS said it understood that the person who requested the original ruling "no longer intends to proceed with the transaction."

Sam Radin, president of National Madison Group, a New York City estate-planning firm, said the original ruling "was valuable because it focused attention on an area that few people had looked at previously. It caused a number of legislatures to clarify their laws and their public policy."

Charitable Deductions Claimed on Tax Returns



Note: In 1987, taxpayers who do not itemize their deductions lost the right to deduct charitable contributions

SOURCE: Internal Revenue Service

Number of Write-Offs for Gifts Has Dipped, IRS Reports

STATISTICS released by the IRS show a decline in the number of individual federal tax returns that included itemized deductions for charitable deductions from 1970 to 1989 (see above chart).

In the same period, the deductions that were claimed for contributions increased from $12.9-billion to $55.5-billion. The data are in the *Statistics of Income Bulletin* for fall 1991. The report may be obtained for $7.50 a copy from the Government Printing Office, Superintendent of Documents, Washington 20402-9325.

—GRANT WILLIAMS

WATCHDOG WATCH

Following are summaries of recent reports by the National Charities Information Bureau and the Council of Better Business Bureaus' Philanthropic Advisory Service.

These two private organizations report on whether charities meet standards for fund raising, governance, financial management, and public information. The organizations do not approve or disapprove charities, and urge potential donors to evaluate the importance of variations from the standards. They also note that charities' practices may change at any time.

For organizations that do not meet the standards, information is given only on those standards that are not met. Those organizations meet all the other standards.

Copies of the full reports are available from the Council of Better Business Bureaus, Philanthropic Advisory Service, 4200 Wilson Boulevard, Arlington, Va. 22203, and the National Charities Information Bureau, 19 Union Square West, New York 10003.

BETTER BUSINESS BUREAU

Food for the Poor, 1301 West Copans Road, Pompano Beach, Fla. 33064. Does not meet the standard calling for an organization to provide on request an annual report that includes information about its governing body and structure, and information about financial activities and financial position. Does not meet the standard calling for an organization's financial statements to present adequate information to serve as a basis for informed decisions. To meet this standard, the financial statements should include, in part, (a) expenses reported in categories corresponding to the descriptions of major programs and activities contained in the annual report, solicitations, and other informational materials, and (b) a detailed schedule of expenses by natural classification (*e.g.*, salaries, postage, rent, etc.) presenting the expenses incurred for each major program and supporting activity. The audit report contains an unaudited schedule of in-kind contributions received and distributed, but included only one program-expense category and did not identify the amount spent on each major program. The organization reported that it does not have a board-approved budget for the most current fiscal year. Also does not meet the standard calling for an organization to substantiate on request its application of funds, in accordance with donor expectations, to the programs and activities described in solicitations. Also does not meet the standard calling for an organization to establish and exercise adequate control over disbursements.

United Citizens Against Drugs, 209 Technology Drive, Suite 202, Irvine, Cal. 92718. Does not meet the standard calling for an organization's financial statements to present adequate information to serve as a basis for informed decisions. To be in compliance with this standard, the financial statements should include, among other things, a breakdown of expenses for each major program service.

NATIONAL CHARITIES INFORMATION BUREAU

Earth Island Institute, 300 Broadway, Suite 28, San Francisco 94133. Does not meet the standard calling for an organization to have on its board no more than one paid staff member, who shall not chair the board or serve as treasurer, nor the standard calling for an organization to have no material conflicts of interest involving board or staff members. Also does not meet the standard calling for an organization to supply on request complete financial statements that are prepared in conformity with generally accepted accounting principles, accompanied by a report of an independent certified public accountant and reviewed by the board, and to fully disclose economic resources and obligations, including transactions with related parties and affiliated organizations, significant events affecting finances, and significant categories of income and expense. There is a question as to whether the organization meets the standard calling for an organization's board to have an independent, volunteer membership.

Environmental Action Foundation, 6930 Carroll Avenue, Sixth Floor, Takoma Park, Md. 20912. Meets all standards.

Pan American Development Foundation, 1889 F Street, N.W., Eighth Floor, Washington 20006. Meets all standards.

Rainforest Action Network, 301 Broadway, Suite A, San Francisco 94133. Does not meet the standard calling for an organization to have on its board no more than one paid staff member, who shall not chair the board or serve as treasurer.

Sierra Club Foundation, 220 Sansome Street, Suite 1100, San Francisco 94104. Meets all standards.

AWARDS

The following people and organizations have been honored for their philanthropic efforts:

Handicapped. The J. M. Foundation in New York has announced the winners of its 1991 National Search for Excellence Awards. The awards, which honor outstanding programs to help people with disabilities, are accompanied by grants of $20,000. The winners: Abilities of Florida (Clearwater); Diagnostic and Rehabilitation Center (Philadelphia); Southeastern Minnesota Center for Independent Living (Rochester); and Trillium Employment Services (Auburn, Wash.).

Management. The Alameda County Food Bank (Oakland, Cal.) and Alzheimer's Services of the East Bay (Berkeley, Cal.) have received the Management Center's 1991 Award for Excellence. The Management Center is a non-profit consulting organization located in San Francisco. Each winner received $2,500 from the Chevron Corporation.

Private schools. The Council for Advancement and Support of Education has announced the winners of its awards to recognize people and organizations that have served private schools.

—Jeremy Jones, director of development at Saint George's School (Newport, R.I.), won the Robert Bell Crow Memorial Award for his fund-raising work.

—Gordon Gund, president and chief executive officer of Gund Investment Corporation (Cleveland) and a former trustee of the Groton School (Groton, Mass.), won the Seymour Preston Award for his efforts to help the school successfully complete a $25-million capital campaign.

—The James R. Johnston Trust for Charitable and Educational Purposes in Washington won the John R. Chandler Award for its support of private schools.

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OPINION

Commentary and Letters

Treat People as Resources, Not Problems

By THOMAS F. BEECH

All foundations feel the pressure of competing claims on our resources—each claim as legitimate as the others. The problems we wrestle with often seem to be getting worse, not better. In the communities in which we live and work, we see shrinking public dollars and reduced commitment by the federal government.

Instead of looking at society's troubles in isolation, we need to think about the ways in which they are related. All too often we think and act as if housing, education, health, arts and culture, and civic improvement were distinct, unrelated fields. Like other institutions, we organize our work along these lines and we categorize our grants this way.

What we should do is focus on the systemic nature of the forces that are at work in education, housing, health, and arts and culture. We should look at our urban areas as systems in which the whole is affected by every one of its parts. It is archaic to think that we can take any complex problem apart, analyze each part, fix the parts individually, put them all back together, and all will be well.

In grant making, as in other helping professions, our mission is to make life better, to have a positive impact on the organizations and people we support. Nothing is wrong with that, but in in our field we have an overpowering need to be correct, to fix things.

MY VIEW

Grant makers have long acknowledged that the tendency toward arrogance is one of our field's occupational hazards. Equally hazardous is the disease of "chronic sincerity."

Grant makers have long acknowledged that the tendency toward arrogance is one of our field's occupational hazards. Equally hazardous to our health is the disease of "chronic sincerity." Seriousness of purpose and commitment are laudable traits, but when these take a turn toward the need to be correct, the results can be suffocating.

An alternative is to look at every situation as an opportunity to learn. An attitude of learning invites experimentation and risk taking. It demonstrates respect for complexity, inclusiveness, and diversity. It allows for the inevitability of conflict—and thus the possibility of conflict resolution. It involves a tolerance for uncertainty and makes room for a sense of humor.

An openness to learning is essential for successful public-private partnerships in education, urban revitalization, and other fields. It involves listening—to one another and, most important, to the communities in which we work.

Foundations have for decades been involved in providing services to deal with the problems of the poor, disadvantaged youth and families, the sick, and the elderly. All too often, we view those people themselves as "the problems," incapable of survival without the help of experts. How often do we say, or hear, "The problem with the poor is . . . ," "The problem with the older people is . . . ," "The problem with kids is . . ."

Why can't we look at people as resources, not problems?

A good example of an effort to change such attitudes is the Lilly Endowment's grant to the National Crime Prevention Council. The grant supported a pilot program in three Indiana cities. The program, called Youth as Resources, has since expanded to 10 communities.

The program's fundamental premise is that if we view young people—all young people, not just high achievers—as responsible, caring human beings, capable of leadership and solid accomplishments, they will respond in kind. The results support this premise. Young people, working as equals with their peers and with adults, have designed and implemented important programs dealing with substance abuse, the needs of adolescent parents, education reform, and other issues.

LETTERS

Non-Profits Can Learn a Lot From Companies

To the Editor:

I was intrigued by the article "How Much Should Charities Copy Companies?", written by Vince Stehle, in your November 19 issue. . . . The entire direction of this piece implies that non-profits are above or better than the private sector. This talk of them versus us is counterproductive.

As a non-profit executive for two decades and as an Associate Professor of Management of Nonprofit Organizations at Sangamon State University, my experience and academic research leads me to believe much of the private sector's practice of business is useful and non-profits can gain from the adoption of similar practices.

Finally, a Mr. David Mason, a management consultant from Corpus Christi, Tex., implies that comparable wages with the private sector are no assurance of quality leadership. True enough. But we cannot promise the eternal reward and a good fuzzy feeling when our employees have rent to pay, families to support, and must put bread on the table. Comparable pay for comparable work remains a noble goal.

H. Brent De Land
President
Springfield College in Illinois

Allies, not rivals, of United Way

To the Editor:

I applaud Bruce Millar's excellent and informative December 3 article about the growing number of corporations allowing charity federations in addition to United Way to participate in their employee campaigns ("United Way's Rivals Gain Ground"). I would bet, however, that in a couple of years when you do an update on this story your headline writer will use a word other than "rivals" to describe the non–United Way federations.

At Independent Charities of America, we prefer to think of United Ways as "allies" in the cause of human service, not "rivals," albeit sometimes they and we are reluctant allies. Contributors want choice but they do not want the United Way system dismantled. The sooner United Way and the other federations stop battling over turf and find common ground to share workplace fund-raising technology for the common good, the happier contributors will be.

I regret to note that my quote in Mr. Millar's companion piece about the Apple Computer campaign ("Apple Runs High-Tech, Low-Key Electronic Fund

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BOY SCOUTS: UNDER FIRE —AND FIRING BACK

Even as it changes its programs to keep up with the times, the nation's biggest youth charity is assailed on many fronts

By KRISTIN A. GOSS

IRVING, TEX.

BOY SCOUTS OF AMERICA—long the symbol of wholesome American values—has become one of the nation's most controversial charities.

At the root of the trouble: The 82-year-old organization's struggle to keep up with the times while not abandoning tradition.

Over the past decade, the 5.4-million-member Boy Scouts organization has marshaled its forces to tackle some of the grittiest problems modern society presents to kids: poverty, sexual abuse, drugs, and the breakdown of the family.

At the same time, the organization has come under unprecedented attack for what critics charge amounts to old-fashioned intolerance. The criticism has focused on the Scouts' exclusion of atheists, homosexuals, and girls.

© 1991 JOE PUGLIESE, FOR THE CHRONICLE

Members of a Boy Scout den in Berkeley, Cal., hope to earn citizenship awards by protesting the Scouts' exclusion of homosexuals and agnostics. "We just thought that it wasn't fair," says one den member.

The debate over who can be a Scout is as much about the tensions of a rapidly changing society as it is about the Boy Scouts. Perhaps surprisingly, the charity has found itself acting as a lightning rod for some of the most divisive issues of our time: tolerance and diversity, gay rights, the separation of church and state, and the sometimes-competing interests of public policy and private rights.

The Scouts organization has also been sharply criticized in court and in the press for waiting too long to admit to, and confront, child sexual abuse within its ranks. Though molestation infects churches, schools, and other youth groups, the Boy Scouts organization has drawn the harshest fire.

But even the group's strongest critics agree with its supporters on one point: Boy Scouts provides one of the best programs for the moral, psychological, and physical development of young people ever devised.

"While the organization has 19th-century values, at the end of the 20th century people are nostalgic for those values—of duty, loyalty, community, selflessness, altruism," says Jay Mechling, a professor of American studies at the University of California at Davis, an expert on the Boy Scouts, and a former Scout himself. "All these things that helped develop the rationale for the formation of Boy Scouts, America in the 90's is resuming that conversation."

60 Million Kids Since 1910

Since its founding in 1910, the Boy Scouts of America has enrolled 60 million kids in its programs, including many who would go on to fame and fortune—Hank Aaron, Gerald Ford, H. Ross Perot, and Steven Spielberg, to name a few.

Today, says Ben H. Love, Chief Scout Executive at the group's Irving, Tex., headquarters, "We are more convinced than ever that we're making the difference in the lives of young people that belong to the Boy Scouts of America, with a code of ethics and a value system that's unequaled anywhere else in this country."

But that code of values, unchanged since the

Continued on Page 26

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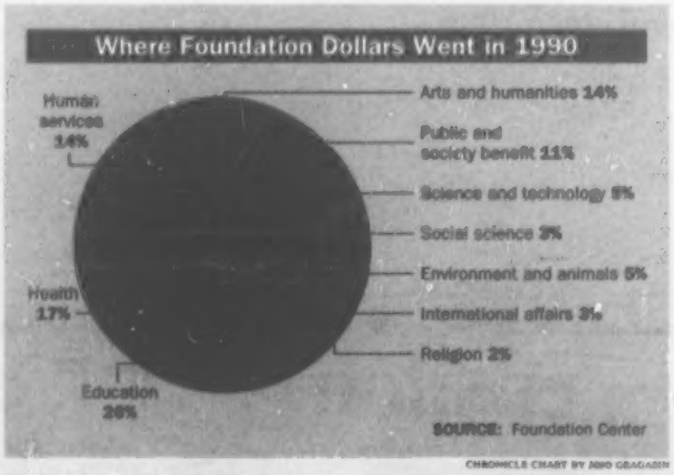

SOURCE: Foundation Center

CHRONICLE CHART BY JOJO GRAGASIN

Education Leads in Grants
Education received the largest share of foundation funds in 1990, according to the Foundation Center's latest *Grants Index*. See story and charts on Pages 14 and 15.

Evaluating a Foundation
The Northwest Area Foundation has undergone one of the most comprehensive evaluations ever by a foundation. Now it's starting to make changes. Story on Page 6.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 6

About Fund Raising

23 Pledges to United Way are up about 3 per cent so far this year. That's barely enough to stay ahead of inflation, and the relatively small increase may cause problems for charities that rely heavily on such donations.

23 Errol Copilevitz, the lawyer behind many challenges to state fund-raising regulations, says his aim is to preserve the First Amendment rights of charities.

24 Some women's groups say they are getting more donations because of the strong feelings generated by the Clarence Thomas confirmation hearings.

25 The Donor Research Institute, a non-profit that helped charities determine which of their donors might be able to make large gifts, has suspended operations temporarily.

25 The organization that represents hospital fund raisers will go ahead with a meeting in New Orleans, despite objections by some members concerned about Louisiana's abortion law.

25 A public-radio station used an old car to win donations (Ideas).

About Children and Education

1 In the last decade, the Boy Scouts organization has tackled some of the most difficult problems—from drugs to child abuse—that confront the nation's youth. But even as its popularity is on the rise, the nation's biggest youth charity is under attack on several fronts.

7 Community foundations, United Ways, and a broad array of other non-profits have formed three national coalitions to work for better conditions for children in up to 200 cities.

15 Officials of the New American Schools Development Corporation say their efforts to raise private money to reform education will not be set back by the resignation of the group's president.

About Managing Non-Profits

31 The American Red Cross, which has already instituted cost-cutting measures to stave off a deficit, faces more cuts next year.

33 A new fund to support research on the non-profit world has made its first grants.

31 Three board members of a Los Angeles charity have resigned in a dispute over composition of the board.

31 An organization that provided computer help to non-profits has shut down.

39 Non-profits should welcome the IRS's recent ruling on taxation of corporate support of football bowl games, says columnist Leslie Lenkowsky (Opinion).

37 Reports on charities by the National Charities Information Bureau.

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Evaluating the Northwest Area Foundation 6

About Company Giving

12 Apple Computer is giving computer equipment to small environmental groups.

12 Most small-business owners say they give money to charity.

12 The General Electric Company has dropped its support for a National Audubon Society television series.

12 Mutual of New York has announced changes in its grants program.

About Foundations

6 The Northwest Area Foundation has completed one of the most extensive evaluations ever undertaken by a major grant maker.

8 The Ford Foundation, which pioneered program-related investments, says in a new report that the technique works best when it's closely integrated with grants programs.

12 The W. K. Kellogg Foundation gave away 24 per cent more money last year than in the year before.

12 A new organization, supported by the Ford and Rockefeller Foundations, has announced its first grants to fight poverty and racism.

12 Two organizations of grant makers have pulled their meetings out of Miami because of a black-led boycott.

12 Former Ford Foundation officials have formed their own organization.

13 Three major foundations have moved their offices.

14 Foundations made more large grants in 1990 than they did the year before.

About Volunteers

12 Three-fourths of accountants say they do volunteer work for charities, much of it by providing free financial services

25 A survey by a Canadian group has identified the best way to recruit volunteers among people over age 55: ask them (Ideas).

8 Points of Light 636 to 659 were named by the Bush Administration.

About Community Development

16 Non-profits that work to promote development in low-income communities are multiplying and drawing increased support.

About International Philanthropy

9 Many American non-profits are mobilizing to respond to the breakup of the Soviet Union.

31 One international-relief group, Save the Children, has sued another, Feed the Children, for infringement of trademark rights.

31 A new organization of European consultants to non-profits has adopted an ethics code.

38 Americans are often naïve about the motives behind Japanese philanthropy, says a *Business Week* editor (My View).

Also in This Issue

37 **Tax Watch:** News is expected soon on rules for giving by multinational corporations; an IRS ruling on corporate support of football-bowl games worries non-profits; new corporate-tax-reform proposals may affect non-profits; hearings are planned on gifts of appreciated property; and other news.

30 **Press Clippings:** Peter Drucker in *The Wall Street Journal* on why society should help non-profits, *The American Spectator* on the John D. and Catherine T. MacArthur Foundation, and an *Inc.* award to a foundation that helps entrepreneurs.

34 **Books:** A summary of *A Tradition of Choice: Planned Parenthood at 75* and listings of other new books.

38 **Letters** on on-the-job fund raising, proposed new standards for counting gifts, the former president of the American Foundation for AIDS Research, and life-insurance gifts.

36 **Awards:** Honors for people and orgnnizations in philanthropy.

Correction

Due to a miscalculation by the Capital Campaign Reporting Advisory Group, a draft report on proposed campaign accounting rules contained an error (*The Chronicle*, December 3). The report should have said that a $100,000 pledge through the will of a 65-year-old male, after being discounted according to a proposed formula, would be reported as a campaign commitment of $48,158.

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Study Finds More Big Grants by Foundations

Foundations are awarding more and more large grants and fewer restricted ones, according to a new report by the Foundation Center.

Many of the biggest awards went to colleges and universities, which helped education get a larger slice of the grants pie in 1990, the report said. Education's gain meant smaller portions for health and human-services agencies.

Those findings are reported in the 1992 edition of *The Foundation Grants Index*, which covers grants made in 1990.

One reason education fared so well is that many more foundations' grants were included in the new edition of the index than in previous editions. This year's report includes grants from 832 foundations, almost double the 472 philanthropies indexed last year. Many of the new listings are drawn from corporate and mid-sized foundations, which traditionally have supported education.

The 1992 index reports over 57,400 grants, up 24 per cent from a year earlier; those grants have a total value of nearly $4.5-billion—a 37-per-cent increase.

Although that growth made it hard to draw direct comparisons between this year's grant patterns and last year's, Loren Renz, the Foundation Center's director of research, identified these trends:

More large grants. Foundations awarded 44 grants of $5-million or more in 1990, up from 30 such grants a year earlier, and 104 grants of $2.5-million or more, up from 85 in 1989.

Fewer grants for specific programs. Reversing an earlier trend, the amount of grants going to support specific programs dropped to 39.7 per cent, down from 46.6 per cent a year earlier. Grants for general operating support rose from 11.3 per cent to 12.4 per cent and endowment grants increased from 3.9 per cent to 4.2 per cent.

More grants to education. Education received nearly 26 per cent of grant dollars in 1990, up from 22.2 per cent a year earlier. Most of that gain came at the expense of grants for health, which dropped from 17.3 per cent of grant dollars in 1989 to 16.8 per cent in 1990, and human services, which dropped from 15.2 per cent to 14.4 per cent.

Fewer grants to combat AIDS. Foundations reported about $30-million in grants for AIDS prevention, treatment, and research, down sharply from the $42-million given a year earlier.

More grants for Eastern Europe. Foundations gave $36-million for projects in Eastern Europe, up from $25-million a year earlier. Six million of that went directly to non-profits in those countries, rather than through U.S. intermediaries, up from $1.5-million in 1989.

Copies of *The Foundation Grants Index, 1992*, are available for $125 plus $4.50 for postage and handling from the Foundation Center, 79 Fifth Avenue, New York 10003, or call (800) 424-9836.

—ANNE LOWREY BAILEY

Grants from Large Foundations, 1990

(Dollar amounts in thousands)

By Subject

	Amount	Pct.	Number	Pct.
Arts and culture				
Policy, management, and information	$7,210	0.2%	124	0.2%
Arts—multipurpose	56,109	1.3	805	1.4
Museum activities	191,635	4.3	1,900	3.3
Media and communications	69,461	1.6	972	1.7
Architecture and visual arts	15,405	0.3	251	0.4
Performing arts	214,653	4.8	3,792	6.6
Humanities	38,650	0.9	438	0.8
Historic preservation	37,056	0.8	570	1.0
Other	8,864	0.2	201	0.3
Total arts and culture	**$639,072**	**14.3%**	**9,053**	**15.8%**
Education				
Policy, management, and information	23,366	0.5	207	0.4
Elementary and secondary	174,642	3.9	2,637	4.6
Vocational and technical	3,174	0.1	70	0.1
Higher education	463,963	10.4	5,541	9.6
Graduate and professional	299,451	6.7	2,550	4.4
Adult and continuing	10,002	0.2	224	0.4
Library science and libraries	89,143	2.0	613	1.1
Student services	20,728	0.5	304	0.5
Educational services	65,809	1.5	1,173	2.0
Total education	**$1,150,276**	**25.7%**	**13,319**	**23.2%**
Environment and animals				
Environment	172,929	3.9	2,180	3.8
Animals and wildlife	35,182	0.8	403	0.7
Total environment and animals	**$208,111**	**4.7%**	**2,583**	**4.5%**
Health				
General and rehabilitative	425,745	9.5	4,077	7.1
Policy, management, and information	16,912	0.4	184	0.3
Medical research	180,042	4.0	1,201	2.1
Hospitals and medical care	269,290	6.0	2,526	4.4
Reproductive health care	49,164	1.1	520	0.9
Public health	32,927	0.7	327	0.6
Mental health	94,629	2.1	1,020	1.8
Specific diseases	51,163	1.1	977	1.7
Other	57,452	1.3	520	0.9
Total health	**$751,579**	**16.8%**	**7,275**	**12.7%**
Human services				
Crime, justice, and legal services	$54,686	1.2%	955	1.7%
Employment	44,690	1.0	995	1.7
Food, nutrition, and agriculture	34,869	0.8	624	1.1
Housing and shelter	58,044	1.3	1,048	1.8
Safety and disaster relief	13,814	0.3	238	0.4
Recreation and sports	48,740	1.1	802	1.4
Youth development	70,211	1.6	1,375	2.4
Human services—multipurpose	320,409	7.2	6,323	11.0
Total human services	**$645,462**	**14.4%**	**12,360**	**21.5%**
International affairs, development, peace, and human rights	**$140,414**	**3.1%**	**$1,622**	**2.8%**
Public and social benefit				
Civil rights and social action	44,258	1.0	889	1.5
Community-improvement and development	330,023	7.4	4,206	7.3
Philanthropy and volunteerism	35,857	0.8	368	0.6
Public affairs	81,002	1.8	1,186	2.1
Total public and social benefit	**$491,140**	**11.0%**	**6,649**	**11.6%**
Science and technology				
Policy, management, and information	1,642	0.0	26	0.0
General science	77,621	1.7	527	0.9
Physical science	45,584	1.0	658	1.1
Technology	39,324	0.9	498	0.9
Life science	58,608	1.3	365	0.6
Total science and technology	**$222,688**	**5.0%**	**2,074**	**3.6%**
Social sciences				
Social science and economics	72,249	1.6	642	1.1
Interdisciplinary/other	61,246	1.4	407	0.7
Total social sciences	**$133,495**	**3.0%**	**1,049**	**1.8%**
Religion	**$85,113**	**1.9%**	**$1,238**	**2.2%**
Other	**$7,242**	**0.2%**	**$221**	**0.4%**
Total grants	**$4,474,892**	**100%**	**57,443**	**100%**

Note: Due to rounding, figures may not add up

By Type of Recipient

	Amount	Pct.	Number	Pct.
Animal-specific agencies	$41,955	0.9%	381	0.7%
Arts and humanities organizations	92,258	2.1	1,661	2.9
Churches and temples	93,449	2.1	1,511	2.6
Civil-rights groups	47,223	1.1	920	1.6
Community improvement organizations	151,216	3.4	2,630	4.6
Disease-specific health associations	33,580	0.8	767	1.3
Educational institutions	1,733,020	38.7	17,766	30.9
Colleges and universities	1,256,115	28.0	10,953	19.1
Educational support agencies	177,030	4.0	2,538	4.4
Graduate schools	106,229	2.4	940	1.6
Junior and community colleges	18,873	0.4	347	0.6
Libraries	32,742	0.7	365	0.6
Schools	143,022	3.2	2,623	4.6
Environmental agencies	135,390	3.0	1,824	3.2
Federated funds	196,156	4.4	1,961	3.4
Government agencies	109,297	2.4	1,124	2.0
Hospitals and medical-care facilities	300,063	6.7	3,050	5.3
Human-service agencies	471,823	10.5	9,689	16.9
Information and public-education centers	$19,774	0.4%	330	0.6%
International organizations	115,892	2.6	1,523	2.7
Media organizations	67,163	1.5	849	1.5
Medical-research organizations	53,334	1.2	456	0.8
Mental-health agencies	51,824	1.2	797	1.4
Museums and historical societies	277,224	6.2	2,832	4.9
Performing-arts groups	188,060	4.2	3,443	6.0
Philanthropic organizations	25,569	0.6	408	0.7
Professional societies and associations	192,878	4.3	3,028	5.3
Public-administration agencies	97,490	2.2	1,017	1.8
Public, general health organizations	62,640	1.4	887	1.5
Public-policy institutes	93,568	2.1	962	1.7
Recreation organizations	25,364	0.6	488	0.8
Research institutes	111,919	2.5	978	1.7
Science organizations	60,656	1.4	567	1.0
Social-science organizations	50,042	1.1	425	0.7
Technical-assistance centers	66,724	1.5	1,151	2.0
Volunteer bureaus	4,790	0.1	157	0.3
Youth-development organizations	70,156	1.6	1,344	2.3

Note: Grants may support multiple recipient types, i.e., a university library, and would thereby be counted twice

By Type of Support

	Amount	Pct.	Number	Pct.	Average dollar value of grant
General support	$553,096	12.4%	7,602	13.2%	$72,916
General/operating	527,721	11.6	7,320	12.7	72,093
Annual campaigns	25,375	0.6	282	0.5	89,982
Capital support	1,110,340	24.8	7,991	13.9	138,948
Capital campaigns	164,933	3.7	1,113	1.9	148,188
Building and renovation	540,822	12.1	3,854	6.7	140,327
Equipment	101,238	2.3	1,367	2.4	74,059
Computer systems and equipment	41,120	0.9	489	0.9	84,090
Land acquisition	26,136	0.6	110	0.2	237,600
Endowments	186,609	4.2	830	1.4	224,830
Debt reduction	21,518	0.5	96	0.2	224,146
Collections acquisition*	27,965	0.6	133	0.2	210,263
Program support	1,774,200	39.7	21,760	37.9	81,535
Program development	1,361,730	30.4	17,097	29.8	79,647
Conferences/seminars	48,798	1.1	965	1.7	50,568
Faculty/staff development	65,539	1.5	686	1.2	95,538
Professorships	41,370	0.9	164	0.3	252,256
Film, video, and radio	36,303	0.8	345	0.6	105,226
Program support, cont.					
Publication	$35,263	0.8%	681	1.2%	$51,781
Seed money	118,721	2.7	930	1.6	127,667
Curriculum development*	28,693	0.6	223	0.4	128,668
Performance/productions	17,258	0.4	397	0.7	43,471
Exhibitions*	20,528	0.5	272	0.5	75,471
Research	473,958	10.6	3,256	5.7	145,564
Student aid funds	251,588	5.6	2,873	5.0	87,570
Student aid—general	15,108	0.3	221	0.4	68,362
Fellowships	121,891	2.7	927	1.6	131,490
Internships	12,608	0.3	173	0.3	72,879
Scholarships	101,981	2.3	1,562	2.7	65,709
Other					
Technical assistance	53,223	1.2	612	1.1	86,966
Emergency funds	615	0.0	17	0.0	36,176
Not specified	968,841	21.6	17,461	30.4	55,485
Qualifying support					
Continuing	921,063	20.6	11,371	19.8	81,054
Matching or challenge	154,079	3.4	1,021	1.8	150,910

* Types of support tracked for the first time in 1990 data.

Foundation Grants of $6 Million and Over, 1990

Recipient	Foundation	Amount	Purpose
Northwestern University	Robert R. McCormick Tribune Foundation	$30,000,000	For construction of McCormick School of Engineering and Applied Sciences
New York Hospital–Cornell Medical Center	Starr Foundation	25,000,000	For construction of new wing
Environmental Preservation Support Trust	Henry P. Kendall Foundation	13,161,131	Gift in form of stock
Transitional Learning Community of Galveston	Moody Foundation	11,832,739	For operating support of the programs in brain injury treatment and research
Indiana University Foundation	Lilly Endowment	11,386,986	For start-up of Center on Philanthropy
United Way of Indiana	Lilly Endowment	10,956,334	For capacity-building program to strengthen local United Ways
Brandeis University	Benjamin Volen Charitable Trust	10,461,519	For general support
Laureate Mental Health Corporation	William K. Warren Foundation	10,000,000	For continued support
Yale University	Henry Luce Foundation	10,000,000	For Luce International Center
Rand Corporation	Lilly Endowment	10,000,000	To establish Institute on Education and Training
Nature Conservancy	Mildred Andrews Fund	10,000,000	For general support
University of Pennsylvania	Annenberg Foundation	9,020,000	For School of Communications
Indiana State Symphony Society	Lilly Endowment	8,500,000	For acquisition of Circle Theatre
Gene Autry Western Heritage Museum	Autry Foundation	8,088,400	For continued support
Illinois Institute of Technology	Robert R. McCormick Tribune Foundation	8,000,000	To refurbish main residential campus
Huntington College	Orville D. & Ruth A. Merillat Foundation	7,992,300	For support and building
California Institute of Technology	Arnold and Mabel Beckman Foundation	7,832,250	For biological, chemical, and materials research
Monterey Bay Aquarium Research Institute	David and Lucile Packard Foundation	7,500,000	For marine research in Monterey Bay
Duke University	Lucille P. Markey Charitable Trust	7,500,000	For departments of cell biology and neurobiology
University of Washington	Lucille P. Markey Charitable Trust	7,500,000	To establish molecular medicine center
Drury College	F. W. Olin Foundation	6,175,000	To construct and equip library
University of Virginia	Lucille P. Markey Charitable Trust	6,100,000	For center for the study of molecular mechanisms of cell signalling processes
Carnegie Mellon University	Richard King Mellon Foundation	6,000,000	For Graduate School of Industrial Administration
Baylor University	Houston Endowment	6,000,000	For construction of new library
National Temple Non Profit Corporation	William Penn Foundation	6,000,000	To construct 250 homes for low- and moderate-income buyers
Society of the New York Hospital	Harry B. Helmsley Foundation	6,000,000	Unspecified
Peddie School	Annenberg Foundation	6,000,000	For library construction and unrestricted support

State-by-State Distribution of Grants

(Dollar amounts in thousands)

	Number of foundations	Grants awarded		Grants received	
		Amount	Number	Amount	Number
Alabama	3	$3,819	106	$12,723	244
Alaska	—	—	—	2,450	58
Arizona	4	8,198	180	22,707	273
Arkansas	5	10,246	68	17,153	177
California	93	451,605	6,105	539,209	6,762
Colorado	11	52,181	1,076	65,407	1,041
Connecticut	19	101,654	1,960	76,064	934
Delaware	4	23,658	232	19,054	126
District of Columbia	15	49,363	1,175	287,079	3,925
Florida	22	106,250	1,032	56,402	858
Georgia	13	51,936	621	74,415	849
Hawaii	7	4,860	181	9,898	239
Idaho	—	—	—	3,081	71
Illinois	57	357,849	4,448	242,681	3,224
Indiana	9	172,072	710	128,576	758
Iowa	5	12,462	133	22,010	382
Kansas	3	2,631	42	9,631	174
Kentucky	4	22,690	288	39,351	439
Louisiana	1	766	11	12,935	230
Maine	1	256	12	8,329	116
Maryland	12	35,199	469	79,909	805
Massachusetts	23	71,596	1,244	223,300	2,677
Michigan	36	323,015	2,948	132,000	1,689
Minnesota	31	128,258	2,394	124,685	2,182
Mississippi	—	—	—	6,340	85
Missouri	18	74,568	1,191	73,058	917
Montana	—	—	—	6,122	125
Nebraska	4	$13,394	125	$18,914	277
Nevada	4	13,280	89	2,006	40
New Hampshire	3	1,749	90	12,730	167
New Jersey	29	180,973	2,589	95,240	1,507
New Mexico	1	1,808	22	9,498	173
New York	181	1,048,393	13,405	677,726	9,269
North Carolina	17	78,464	1,207	117,461	1,480
North Dakota	—	—	—	5,649	102
Ohio	48	129,558	2,543	126,020	2,255
Oklahoma	8	44,322	290	32,567	343
Oregon	4	18,384	253	30,230	489
Pennsylvania	44	472,991	4,012	343,949	2,997
Rhode Island	5	21,289	405	23,276	390
South Carolina	3	2,252	41	16,823	345
South Dakota	—	—	—	4,934	84
Tennessee	8	26,701	316	37,116	563
Texas	47	255,592	3,339	273,642	3,167
Utah	2	8,142	96	9,167	168
Vermont	—	—	—	5,747	110
Virginia	9	37,493	777	72,510	920
Washington	8	23,082	605	48,028	735
West Virginia	1	773	17	7,464	113
Wisconsin	9	28,928	551	39,446	647
Wyoming	—	—	—	2,419	43
American Samoa	—	—	—	18	1
Guam	—	—	—	10	1
Puerto Rico	1	1,451	45	2,842	89
Virgin Islands	—	—	—	138	4
Total	**832**	**$4,474,592**	**57,443**	**$4,310,139**	**55,839**

Note: Due to rounding, figures may not add up. Difference between grants awarded and grants received represents grants to foreign recipients.

Grants for Special Population Groups

(Dollar amounts in thousands)

	Amount	Pct.	Number	Pct.
Aging	$101,610	2.3%	1,283	2.2%
Alcohol and drug abusers	19,094	0.4	438	0.8
Children and youth	501,922	11.2	7,784	13.6
Crime or abuse victims*	12,791	0.3	356	0.6
Disabled	156,230	3.5	2,199	3.8
Economically disadvantaged*	209,181	4.7	2,724	4.7
Poor, indigent—general*	177,794	4.0	2,034	3.5
Homeless	28,686	0.6	655	1.1
Migrant workers*	3,001	0.1	35	0.1
Gays and lesbians	1,281	0.0	42	0.1
Immigrants and refugees	20,878	0.5	342	0.6
Men and boys	50,430	1.1	959	1.7
Military and veterans	$1,985	0.0%	65	0.1%
Minorities	281,208	6.3	4,280	7.5
General	85,415	1.9	1,388	2.4
Asians and Pacific Islanders	7,461	0.2	214	0.4
Blacks	105,594	2.4	1,452	2.5
Hispanics	55,663	1.2	888	1.5
Native Americans	27,075	0.6	338	0.6
Offenders and ex-offenders	14,795	0.3	274	0.5
People with AIDS	29,042	0.6	469	0.8
Single parents*	4,690	0.1	90	0.2
Women and girls	183,800	4.1	2,860	5.0
Not specified/general public	3,260,440	72.9	39,264	68.4

Note: Grants may benefit multiple population groups, i.e., a grant for black homeless women and their children, and therefore figures are only representative.

* Populations tracked for the first time in 1990 data.

SOURCE: Foundation Center

President Quits Schools Group; No Setback Seen

Officials of the New American Schools Development Corporation say their efforts to raise private money to reform the nation's schools will not be set back by the resignation of W. Frank Blount, the president and chief executive officer.

The non-profit corporation was formed in response to President Bush's call for businesses, foundations, and others to contribute to his "America 2000" plan for overhauling the nation's education system.

The President's aides said last spring they expected to raise $150-million in private donations by the end of 1991.

By the time Mr. Blount announced his resignation last month, fund raising was proving to be more difficult than planners had first thought. To date, the corporation has raised $41-million, and fund-raising efforts are still getting organized.

AT&T had loaned Mr. Blount, one of its top executives, to help set up the non-profit corporation, raise money, and oversee a competition to award grants to teams of researchers who are to design what promoters call "break the mold" schools.

But many grant makers at private foundations and corporations have resisted the President's appeals because they say they are already committed to supporting reform efforts in their home communities, and because giving budgets are tight at many corporations squeezed by the recession.

Mr. Blount this month became chief executive officer of the Australian and Overseas Telecommunications Corporation. He will continue to oversee the schools corporation until a successor is named.

Robert M. Schneider, who headed giving programs at Xerox for 18 years and who is on loan from his company to help organize fund raising for the schools corporation, said the corporation should have no problem raising the $45-million it needs to award the first round of grants next May. At that time the corporation plans to award 30 grants of from $500,000 to $3-million.

While Thomas H. Kean, the former New Jersey Governor who is now chairman of the schools corporation, searched the country for a successor to Mr. Blount, corporate grant makers were asking tough questions about whether gifts to help the organization develop prototypes would genuinely improve schools.

"The question to ask is, How are these schools going to achieve systemic reform at the state level?" said Eugene R. Wilson, president of the ARCO Foundation.

"It's not enough to have prototypes," added Frank Newman, president of the Education Commission of the States. "We have to make sure they get connected to existing reform efforts."

—ANNE LOWREY BAILEY

Community-Based Development Groups Found to Gain Broad Private Support

Non-profits working to promote development in low-income communities continue to multiply and attract broader private support, two recent studies suggest.

Such community-based development corporations "are undertaking the toughest development battles in some of our most distressed communities and winning against incredible odds by carefully targeting services to meet specific community needs," says the National Congress for Community Economic Development in its second report on the subject.

The report, following up on a survey that the group conducted in 1988, was based on responses from 1,160 community-based development corporations—or more than half of the estimated 2,000 such groups in the United States. Among its findings:

► About 88 per cent of the organizations develop low-income housing. Together, they have produced an estimated 320,000 units, including nearly 87,000 in the past three years. During that period, 61 per cent were rental units, compared with 54 per cent in the previous survey.

► In addition, 179 groups provide transitional housing for homeless people, while 93 groups provide shelter beds.

► The groups have helped to create or retain nearly 90,000 permanent jobs in their communities in the past five years, and helped develop 17.4-million square feet of commercial or industrial space.

► More than 70 per cent of the groups do community organizing and advocacy. Most also provide services ranging from child care, counseling, and job placement to health care and home repair.

► Nearly two-thirds of the groups serve urban areas, 19 per cent serve rural communities, and 17 per cent serve a mixture of both.

Financial support for these activities came from a variety of public and private sources, including federal community-development block grants, state and local-government programs, banks, corporations, and private foundations.

Greater Private Support

In a separate report, the Council for Community-Based Development observes that private support for non-profits working to develop local communities has been getting stronger and broader.

In its second survey on the subject, the council reported that 307 foundations and corporations made grants totaling $90.1-million in 1989 to support community-based development. That represents 2,466 grants of $5,000 or more to non-profits in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.

By contrast, 196 foundations made 1,392 grants totaling $64-million for such activities in 1987, the year the council examined in its previous survey (*The Chronicle of Philanthropy*, May 2, 1989). Of the $26.1-million increase, about half represented greater giving by donors cited in the earlier study, and the balance came from new donors. (The council's latest survey includes gifts from 27 corporations not included in the previous one, for example.)

Among the 50 largest supporters, each of which spent more than $400,000 on community-based development, the median increase in grants from two years earlier was 39 per cent—meaning that half of the increases were smaller and half were larger than that. Altogether, 55 of the nation's 100 largest foundations (by giving) supported community-based development in 1989, compared with 43 in 1987.

Of the $90.1-million in 1989 grants, $65-million came from 165 independent foundations, $15.8-million from 100 corporations, and $9.3-million from 41 community foundations.

Once again, the single largest supporter of community development was the Ford Foundation, although its $14.7-million in 1989 grants actually represented a 16-per-cent drop from its 1987 total of $17.4-million. The council noted that Ford makes such large grants in this area that the total can fluctuate substantially from one year to the next; in 1990, for example, it made $23.2-million in community-development grants.

Biggest Increase: Kellogg

The W. K. Kellogg Foundation showed the largest jump among principal supporters: From 1987 to 1989, its grants rose from $97,800 to $3.6-million—third highest of all grant makers.

The Northwest Area Foundation, by contrast, dropped from second place to tenth on the council's list, as its grants fell from $2.4-million in 1987 to $1.7-million in 1989. Vicki Itzkowitz, a foundation spokeswoman, attributed that drop to "normal fluctuation" in its grant making. "Our commitment to community-based development remains as strong as ever," she said.

The council defines community-based development as "the range of activities carried on by resident-controlled non-profit organizations, designed to improve the social and economic conditions of low-income communities in both urban and rural areas." It includes building and renovating low-cost housing, starting small businesses, and pressuring governments to provide or improve social services.

Of the nearly 2,500 grants documented by the survey, about one-third went directly to community-based organizations, while the rest went to various intermediary organizations that provided financial and technical assistance, training, or advocacy to local groups.

The council's survey was based on an analysis of grants by 472 foundations reported in the Foundation Center's *Grants Index*, supplemented by reports from other corporations and foundations known to make grants for community-based development. It excluded grants of less than $5,000 as well as program-related investments—loans or equity positions to support projects of interest to foundations.

Copies of the report, "Expanding Horizons II," are available for $18 each from the Council for Community-Based Development, 1070 Thomas Jefferson Street, N.W., Washington 20007. Discounts are available for multiple copies.

Copies of "Changing the Odds: The Achievements of Community-Based Development Organizations" are available for $5 from the National Congress for Community Economic Development, 1875 Connecticut Avenue, N.W., Suite 524, Washington 20009.

—STEPHEN G. GREENE

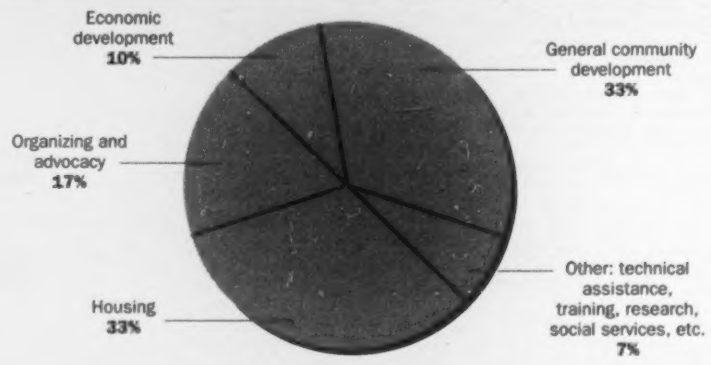
Grants for Community Development

The Top 50 Grant Makers

	1987	1989	Percentage change
Ford Foundation	$17,353,697	$14,651,200	−16%
John D. and Catherine T. MacArthur Foundation	2,228,524	4,895,500	+120
W. K. Kellogg Foundation	97,800	3,595,300	+3576
Charles Stewart Mott Foundation	2,074,214	2,884,500	+39
Lilly Endowment	2,325,000	2,677,900	+15
James Irvine Foundation	1,136,900	2,369,900	+108
Pew Charitable Trusts	2,265,100	2,287,000	+1
Howard Heinz Endowment	1,601,375	2,085,000	+30
Z. Smith Reynolds Foundation	852,500	1,707,500	+100
Northwest Area Foundation	2,442,724	1,655,238	−32
Amoco Foundation	1,423,500	1,616,900	+14
Boston Foundation	1,676,434	1,477,733	−12
BP America	1,195,100	1,264,400	+6
Winthrop Rockefeller Foundation	102,510	1,109,900	+983
George Gund Foundation	825,669	1,095,500	+33
Public Welfare Foundation	668,500	1,086,100	+62
William and Flora Hewlett Foundation	1,075,000	1,083,000	+1
Rockefeller Foundation	160,200	1,075,700	+571
Joyce Foundation	568,889	1,065,230	+87
William Penn Foundation	1,141,786	1,005,600	−12
New York Community Trust	1,151,750	951,500	−17
Chicago Community Trust	299,000	933,800	+212
Marin Community Foundation	100,000	909,000	+809
Cleveland Foundation	1,164,534	850,100	−27
First National Bank of Chicago	434,338	767,450	+77
San Francisco Foundation	510,500	759,000	+49
New York Foundation	592,223	706,200	+19
Pittsburgh Foundation	471,400	689,000	+46
Aetna Life & Casualty	357,000	655,000	+83
Woods Charitable Trust	507,000	646,500	+28
Meadows Foundation	381,380	631,000	+65
Minneapolis Foundation	n/a	624,543	—
Dayton Hudson	$301,500	$583,300	+93%
W. Alton Jones Foundation	302,710	563,700	+86
Gannett Foundation	304,500	561,400	+84
St. Paul Companies	n/a	556,000	—
Edna McConnell Clark Foundation	255,000	552,800	+117
Revson Foundation	666,000	550,000	−17
First Bank System Foundation	n/a	546,200	—
Lyndhurst Foundation	475,000	508,000	+7
Hyams Foundation	499,000	506,100	+1
ARCO Foundation	244,900	487,000	+99
Chase Manhattan Corporation	145,000	483,500	+233
Vira I. Heinz Endowment	265,000	482,500	+82
Citibank	n/a	478,300	—
McKnight Foundation	n/a	453,900	—
Chemical Bank	n/a	445,000	—
Levi Strauss Foundation	694,542	439,500	−37
New World Foundation	310,000	427,500	+38
Philadelphia Foundation	322,151	427,300	+33

Note: Figures exclude grants under $5,000.

Purpose of Grants



SOURCE: Council for Community-Based Development

FUND RAISING

Trends and Ideas

United Ways Raise 3.1% More Than Last Year, Slightly Exceeding Inflation Rate

By BRUCE MILLAR

UNITED WAYS across the country are raising 3.1 per cent more, on average, than they did a year ago.

By the time most of the fund raising is completed this spring, total United Way contributions will exceed the current 3-percent inflation rate, predicted Richard Fusco, senior vice-president for marketing and resource development at United Way of America.

But Mr. Fusco said such a small increase would make it "very difficult" for many charities that rely on United Way support to keep up with the mounting social problems they face.

He said he expected groups that deal with the nation's most pressing troubles, such as hunger and homelessness, to get the highest priority when United Ways decide how to distribute money raised from the 1991 campaigns. Many of the 1,917 drives run by United Ways, including the three largest—in Chicago, Los Angeles, and New York—will continue to solicit pledges for several more months.

Mr. Fusco predicted that the 1991 drives would raise more than the record $3.11-billion pledged in 1990. He added that in a weak economy "that is quite an accomplishment." His projections were based on results from 421 campaigns that have been completed.

Mr. Fusco's estimate of a 3.1-per-cent increase falls well below the 4.7 per cent the United Way officials said they expected when the drives began last fall. But Mr. Fusco dismissed the 4.7-per-cent projection as "meaningless," saying the figure was a composite of campaign goals made by all United Ways and not a national estimate by United Way of America. Even in years when fund-raising growth has been especially high, United Way has not raised more than 98 per cent of the composite goal, he said.

In general, United Ways in Southeastern and Western states showed the strongest gains, while those in the Northeast and Midwest were harder hit by the economic downturn. Northeastern and Midwestern cities reporting a drop in fund raising from 1990 include Boston, Cleveland, Detroit, and Dayton, Ohio.

The United Way in Orlando, which raised 11 per cent more than it did a year ago, reported the largest increase among big United Ways that have ended their campaigns.

As in 1990, two of the highest growth rates among big United Ways were turned in by the Tulsa (Okla.) Area United Way and the United Way of Northeast Florida in Jacksonville. Tulsa's campaign raised 9.4 per cent more than it did last year, while Jacksonville raised 10.9 per cent more, partly because of a large, organized effort to help poor children, Mr. Fusco said.

Among major disappointments was the 2.2-per-cent increase turned in by San Francisco's United Way of the Bay Area. In 1990, the San Francisco campaign notched one of the largest gains, a 10.4-per-cent increase, to $57.7-million.

The campaign chairman, W. B. Seaton, chairman of the American President Companies in Oakland, Cal., attributed the sluggish results to the large number of people in the Bay area who had lost their jobs. He said many people who were donors in 1990 were now themselves in need of charitable services.

United Ways That Have Completed Their Campaigns

	Amount raised	Per cent change
Atlanta	$54,049,928	+6.0%
Boston	47,311,768	−1.1
Buffalo, N.Y.	17,215,494	+0.6
Charlotte, N.C.	18,029,000	0.0
Chattanooga, Tenn.	10,993,285	+0.8
Cincinnati	43,355,643	+0.3
Cleveland	51,306,124	−1.4
Dallas	41,977,500	+0.3
Dayton, Ohio	19,918,856	−1.4
Des Moines	10,401,698	+2.5
Detroit	62,006,327	−2.4
Fort Worth	23,610,508	−0.4
Hartford, Conn.	26,511,000	+0.4
Indianapolis	31,572,122	+6.7
Jacksonville, Fla.	15,706,926	+10.9
Kansas City, Mo.	33,356,297	+2.6
Louisville, Ky.	20,883,000	+7.0
Miami	20,010,930	+1.6
Milwaukee	26,012,218	+6.9
Minneapolis	47,025,000	+4.3
Nashville	19,004,933	+5.6
New Orleans	18,020,000	+2.1
Oklahoma City	$10,030,391	+4.5%
Omaha	14,262,814	+4.9
Orlando, Fla.	12,107,091	+11.0
Phoenix	19,465,040	+8.0
Portland, Ore.	20,600,000	+5.1
Providence, R.I.	14,615,000	+0.1
Raleigh, N.C.	10,002,489	+6.2
Richmond	19,001,024	+4.5
Rochester, N.Y.	37,366,678	+3.6
San Antonio	23,001,010	+7.7
San Diego	30,370,000	+2.3
San Francisco	59,008,528	+2.2
Seattle	45,502,702	+7.6
St. Louis	50,078,930	+1.3
St. Paul	20,115,325	+4.2
Tampa, Fla.	10,003,000	+2.8
Tulsa, Okla.	16,372,900	+9.4
Washington	74,895,519	+3.5
Wichita, Kan.	11,208,179	+9.3
Wilmington, Del.	17,928,676	+0.2
Winston-Salem, N.C.	11,892,511	+7.5

SOURCE: United Way of America

High-Profile Kansas City Lawyer Is a Champion of Often-Controversial Charities

By GRANT WILLIAMS

KANSAS CITY, MO.

ERROL COPILEVITZ was giving a national television audience a legal explanation of why professional solicitors for charities don't have to make certain disclosures when asking for donations.

"I hate to tell you, but all this sounds like mumbo jumbo to me," interrupted his interviewer, Connie Chung of CBS News.

"Well, you are talking about complicated issues," replied Mr. Copilevitz.

"It's really not that complicated," countered Ms. Chung, who said she found nothing wrong with requiring a fund raiser to reveal how much of a donation would go to charity. If disclosure of small spending on charitable purposes alienates potential donors, and causes a charity to fail, "those telemarketers will also go out of business and the potential fraud will go away," she said. "Wouldn't *that* be too bad!"

That kind of argument—and hostility—is part of the world of Mr. Copilevitz, a Kansas City lawyer who has

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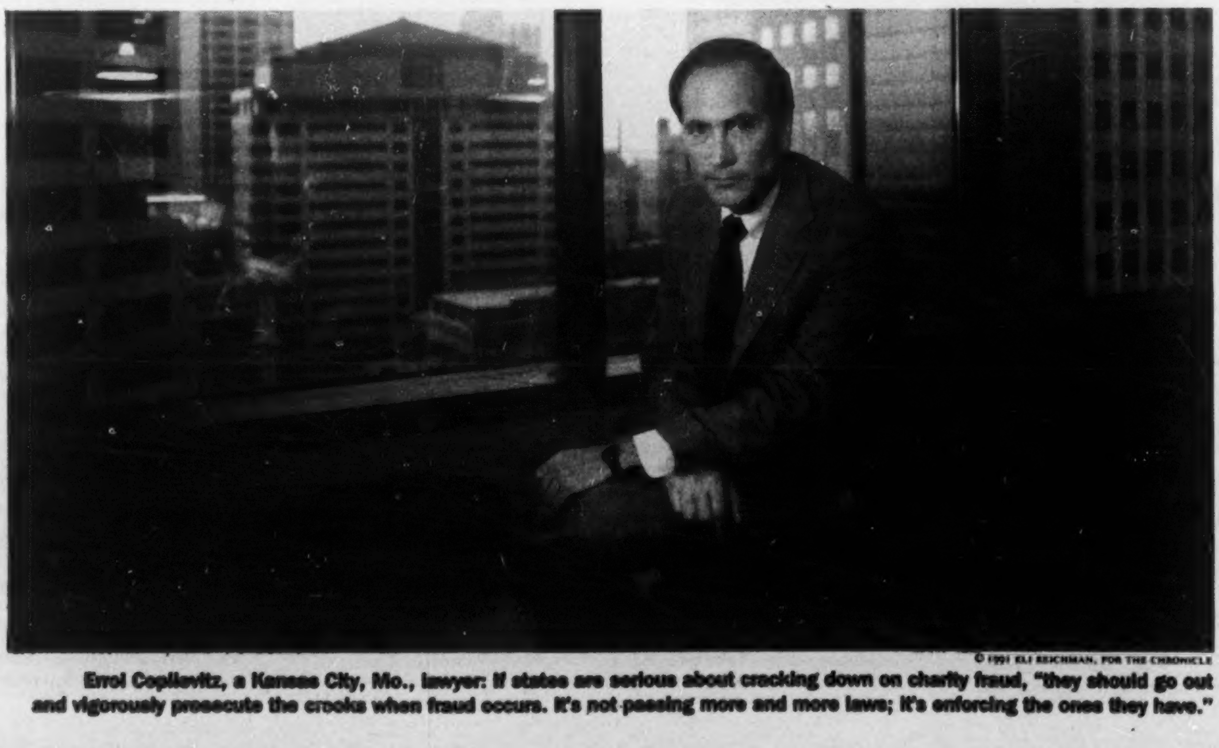

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Errol Copilevitz, a Kansas City, Mo., lawyer: If states are serious about cracking down on charity fraud, "they should go out and vigorously prosecute the crooks when fraud occurs. It's not passing more and more laws; it's enforcing the ones they have."

MANAGING

Governance and Regulation

Boy Scouts Under Fire: Group Is Assailed, but Stands Firm for Its Principles

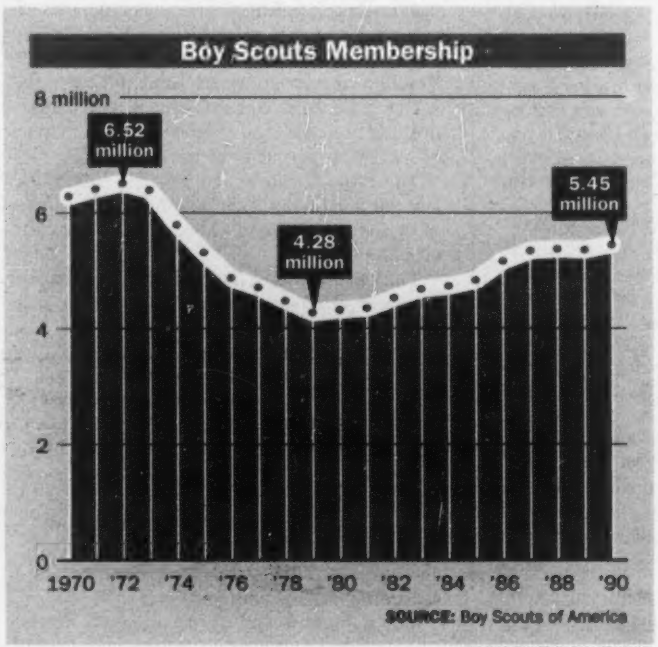
Continued from Page 1

group's founding, is being hotly debated—much to the Boy Scouts' discomfort—on the front pages of America's largest newspapers, on talk shows, in the courts, and in American living rooms.

The debate has been prompted by four well-publicized lawsuits that have challenged the Scouts' historical exclusion of the "three g's"—gays, girls, and the godless.

Boy Scouts of America contends that it is a private organization with a First Amendment right to set membership standards. Its opponents say it is a public institution subject to state and federal anti-discrimination laws.

The stakes could be high: If forced to admit atheists, the Scouts could lose the support of major religious bodies, which sponsor more than half of all Scout units. If found by the courts to be practicing religious discrimination, the group could lose considerable aid from local United Ways, public schools, and other public organizations with non-discrimination codes.



SOURCE: Boy Scouts of America

CHRONICLE CHART BY JOJO GRAGASIN

Both the aggressive steps the organization has taken to remain relevant and the changes it may have to take, should any of its critics prevail in court, suggest that the Boy Scouts of America is at an important point in its evolution.

"I think the biggest challenge we have is our image," says Bill Kephart, Chief Scout Executive at the Denver Area Council. "We are perceived as the people who help little old ladies across the street and as rather large and traditional and unchangeable, when the contrary's true."

Keeping Up With the Times

Even the Scouts' critics do not dispute the considerable efforts the organization has undertaken to keep up with the times. Since 1980, the Scouts organization has created:

► A program—considered among the best ever developed—to protect kids from sex abuse, and to teach them how to recognize, resist, and report such incidents.

► An anti-drug effort, called "Drugs: A Deadly Game," that is intended to shock kids into seeing the physical effects of illicit drugs on their bodies, and to educate parents and teachers about how to spot drug use in kids. More than 14 million copies of the program have been distributed, Mr. Love says.

► A new *Boy Scout Handbook*, which talks for the first time about AIDS and carries a stronger-than-ever environmental-protection message.

► Efforts to involve a greater variety of boys—especially from low-income and minority families—by going into housing projects and homeless shelters. In Philadelphia, for example, Boy Scout and Cub Scout units have been meeting in two homeless shelters for the past two years.

► Learning for Life, a non-uniformed Scout program announced last summer that teaches schoolchildren, male and female, from kindergarten through 12th grade, how to think critically, set personal and professional goals, and be citizen leaders, among other skills. Under the program, existing efforts to involve disabled children in Scouting also will be better coordinated.

► New merit badges in such fields as "handicapped awareness," agribusiness, and graphic arts.

► A video training program for working parents who want to be leaders, but need to learn how on their own time.

With a recent $2.3-million grant from the DeWitt Wallace–Reader's Digest Fund, Boy Scouts is also beginning an internship program to recruit women and members of minority groups to work for the group after college. Currently, about 11 per cent of the staff members nationwide are members of minority groups, and the same percentage are women.

The Boy Scouts organization says those are just some of the more noteworthy steps it has taken to adjust to a changing world, while continuing to promote loyalty, trustworthiness, kindness, good citizenship, and other values that haven't changed since the days of Norman Rockwell.

"The values that the Boy Scouts have as a part of their program are as needed today as ever before in the history of America," says Richard Corwin, Chief Scout Executive at the West Suburban Council outside Chicago.

Under Siege From Critics

But as the Boy Scouts of America takes steps to stay relevant in complex and difficult times, the group is under siege from increasingly loud critics.

Lawsuits. In Chicago and Orange County, Cal., people who refused to pledge their "duty to God," part of the Cub Scout Promise, have gone to court to compel the organization to admit them. Both cases have been tried in court and could be decided soon. (See story on Page 27.)

In Los Angeles, Timothy Curran, a 30-year-old film editor who had achieved Scouting's top rank, Eagle Scout, has appealed a recent state-court decision that upheld the Boy Scouts' right to exclude him from a leadership post because he is gay. The Scouts say that homosexuals cannot be members because they violate the Scout requirements that members be "morally straight" and "clean."

In Miami, Margo Mankes, a 9-year-old girl who wants to be a Cub Scout, plans to sue for admission. A lawsuit last June was dismissed by a federal court on jurisdictional grounds, and she lost an administrative appeal to the Florida Human Rights Commission. The girl's parents, Barry and Cecile Mankes, say they will refile the suit in state court.

Boy Scouts of America contends that the Cub Scouts program was designed for the unique emotional and psychological needs of boys. (Learning for Life and Exploring, the Scouts' career-oriented program for young adults, are the only BSA divisions open to girls.)

Internal dissent. The lawsuits have sparked scattered acts of dissent around the country.

In California and Illinois a handful of adult Scout

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Boy Scouts of America's Membership Divisions

Boy Scouts: Open to boys who have completed the fifth grade or are 11 through 17 years old. The program includes a division called Varsity Scouting, begun in 1984 for young men 14 to 17 years old who want more sports-oriented activities. Boy Scouts follow the Scout Oath, in which they pledge to do their duty to God and country, to help others, and to keep themselves physically strong, mentally awake, and morally straight. They also follow the Scout Law, which states that a Scout is trustworthy, courteous, brave, clean, and reverent, among other virtues. In 1990, there were 959,000 Boy Scouts, plus nearly 60,000 Varsity Scouts.

Cub Scouts: Begun in 1930, this is a program open to boys in the second through fifth grades (or age 8, 9, or 10). First graders belong to an affiliated program known as Tiger Cubs, begun in 1982. Cub Scouts promise to "do my best to do my duty to God and my country, to help other people, and to obey the Law of the Pack." In 1990, there were 1.8 million Cub Scouts and 346,000 Tiger Cubs.

Explorers: Open to young men and women ages 14 through 20, Exploring is a career-awareness and outdoor program sponsored by local businesses, government agencies, professional societies, and religious groups. Explorers follow a code similar to the Boy Scout Oath and the Cub Scout Promise. In 1990, there were 356,000 Explorers plus 741,000 Career Awareness Explorers, a special program to help high-school students identify and obtain jobs.

Learning for Life: Unveiled last year, Learning for Life is a classroom-based program for children in kindergarten through 12th grade. The program teaches "living skills," such as civic responsibility, cooking, grooming, decision making, and goal setting. Learning for Life serves as an umbrella for the Scouts' pre-existing in-school programs and programs for disabled kids. The national council said it was too early to determine how many children had enrolled in the new program.

Boy Scouts Keep Up With the Times, but Face Criticism of Key Traditions

Continued from Page 26

leaders have broken ranks to support the agnostics. In two cases, they have been thrown out of the Scouts; in the other, a council vice-president's responsibilities have been reduced.

In Berkeley, Cal., Webelos Den 1, Pack 30 of the Mt. Diablo Council, has decided to earn a Boy Scouts citizenship award by gathering signatures on petitions opposing the Scouts' exclusion of homosexuals and agnostics, and by writing letters of protest to Scouting officials. "We just thought that it wasn't fair that you should get kicked out of Boy Scouts or Cub Scouts because you don't believe in God or you're gay," says Daniel Greenman, 10 years old, a den member.

Petria MacDonnell, one of the parent leaders of the den, says the majority of parents she has spoken with are "very disturbed" by the Scouts' membership policies. "Most of us frankly have been counting the days when we can get out of Scouts and not have to deal with this," she says. "We feel guilty for being a part of scouting."

Gay Scouts. In San Francisco, more than 100 gay and bisexual men—all former Scouts—and their supporters have joined the Forgotten Scouts, which was formed last fall to "prove that gay and bisexual men have always been a part of the BSA and destroy the myth that gay men are bad role models." Included in the group is William Boyce Mueller, a grandson of the Boy Scouts of America co-founder, and Randy Shilts, a well-known San Francisco journalist.

Schools and United Ways. Two California school districts—in San Francisco and San Jose—have severed ties with the Boy Scouts of America because the organization violates their anti-discrimination policies. Other school districts, in cities including New York, are weighing the same move.

In addition, several United Way chapters that have policies of not supporting discriminatory organizations have said their continued support could hinge on whether the Scouts win their court battles.

Sexual abuse. Boy Scouts continues to be dogged by lawsuits alleging that it was negligent in hiring adults who went on to molest Scouts; it was hit with a $3.75-million verdict just last month.

Last May *The Washington Times* reported, based on court records, that on an average of more than once a week since 1972, a Scout has reported being sexually abused by a Scout leader. The newspaper said that at least 1,151 Scouts had reported being molested during that time.

The articles criticized the Scouts for rejecting or ignoring early suggestions that it confront the problem, and for sweeping reports of abuse under the rug.

Through a spokesman, Boy Scouts of America says it "found a great deal of misinformation" in the series, but the organization has not publicly rebutted any of the specific findings.

The lawsuits, press coverage, and dissenting groups have generated a public-relations headache for the Scouts, which is accustomed to being about as controversial as mom and apple pie. (See story on Page 29.)

The controversies also have cost a lot of money: In 1990 alone, the Scouts paid more than $600,000 to the two law firms that coordinate the sex-abuse and discrimination cases nationwide, according to the Scouts' informational tax return. What's more, based on a survey of court records, *The Washington Times* estimates that, over the past five years alone, the Boy Scouts organization has paid out a conservative $15-million in settlements and court awards relating to molestation cases. (Boy Scouts would not disclose how much it had paid out, saying that many cases are "under appeal, still in litigation, or sealed by the courts.")

Boy Scouts of America seeks to play down the controversies swirling around it by pointing to all the good work its members do that it says receives comparatively little attention.

Raised $194-Million

The organization is one of the nation's largest charities. The national headquarters, the 402 local councils, and the 131,000 neighborhood packs, troops, teams, and posts raised $194.9-million in private dollars in 1990, ranking Boy Scouts 11th on *The Chronicle*'s Philanthropy 400 and first among youth organizations.

The Boy Scouts is also a massive business: It employs nearly 8,000 people nationwide, and local and national revenues totaled $430-million in 1990.

BOY SCOUTS OF AMERICA

Scouts' chief Ben H. Love: "We are more convinced than ever that we're making the difference in the lives of young people."

What's more, the Scouts organization is one of America's biggest users of volunteer labor: 1.1 million men and women served as leaders in 1990, overseeing 4.3 million children. The only requirements for kids: Be the right age for a given Scouts program, and pledge to "do my duty to God and my country" and to obey the laws of Scouting.

Membership in the Boy Scouts of America grew steadily until 1972, when it peaked at 6.5 million adult leaders and young people. The next year, it began to decline, hitting its nadir—4.3 million members—in 1979.

Mr. Love attributes the drop to the aftershocks of the campus rebellions, assassinations, the "hippie scene," the "drug scene," and other social upheavals of the late 1960's. "Remember Vietnam?" he asks. "We had a uniform."

Steady Growth in Members

In 1980, membership rebounded and has grown steadily since. That is because Boy Scouts has started new programs—Tiger Cubs for first-grade boys and Varsity Scouts for boys 14 to 17—and because, says Mr. Love, "the whole climate of American society and family life" began to change as Ronald Reagan was elected President.

"What we found was that we were a part of the bread and butter that moms and dads want their sons to have as a part of their young life," he says.

Yet some critics—including William Hillcourt, principal author of *The Boy Scout Handbook* and, at 91 years old, one of Scouting's best-known figures—are concerned that the Scouts' continued appeal to adolescent boys could be threatened.

Mr. Hillcourt says he thinks the organization has been preoccupied with combating social problems, while "not concentrating on the romance and the excitement" of traditional Scouting programs. He says the group's leadership-training program teaches scoutmasters how to be good managers, not how to lead a program of challenge and adventure that will keep older boys in Scouting.

Campaign Against Hunger

The force behind Boy Scouts of America is Mr. Love, who has served as the Scouts' top official since 1985. Mr. Love—who earned $223,000 in 1990—articulates the mission, direction, and philosophy of the organization. He has served the Boy Scouts in local, regional, or national management positions since 1955.

He says the hallmark of his seven-year tenure as Chief Scout Executive is the introduction of the "unacceptables" program, an effort to marshal the strength of the group's five million members to combat five social problems: child abuse, drug abuse, hunger, illiteracy, and unemployment.

Among the earliest and most tangible successes: Scouts collected 212 million cans of food for the needy in the first three years of the anti-hunger effort, known as Scouting for Food. The program has received awards from Presidents Reagan and Bush.

Mr. Love says the child-abuse-prevention program was prompted by the widely publicized McMartin Preschool molestation case in California in the mid-1980's, not by reports of sexual abuse within Scouting. "Up to that time, we didn't know what pedophilia was—the country didn't know what pedophilia was," Mr. Love says. "I'd never heard the word before, until about that time."

Asked if the Boy Scouts waited too long to confront child abuse in

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2 Court Cases Test Boy Scouts of America's Pledge of 'Duty to God'

Continued from Page 27

because scouting right now is full of people who aren't religious."

That is an assertion that cannot be proved. The Boy Scouts have not surveyed either adult leaders or youth members about whether they approve of the group's requirement that members recognize God. They argue that if the boys and their parents join the Scouts—and more than 83 million have done so since the group's founding—then presumably they agree with the religious principles.

No 'Religious Litmus Test'

Many adults and kids do support the Scouts' policies.

But a good number also disagree with the exclusionary rules, and quietly refuse to enforce them.

"I think it's silly," says a Virginia Scout leader who asked not to be named. "We're not going to apply a religious litmus test to a boy."

Says Gretchen Garrett, a volunteer with a Cub Scout pack in Studio City, Cal.: "They welcome you with open arms, but there's a list above their head of what they will accept and what they won't. And I think that's a very bad message and a very mixed message to send to the boys."

Adds Ms. Garrett: "There are 12 things that a Boy Scout is," referring to the character traits in the Boy Scout Law. "Of those 12 things, not one of them is tolerant."

Other parents and volunteers say the Boy Scouts provides an important service in helping them rear good, well-rounded, physically fit children. They say that the religious principles in the Scout Oath and Law, which says Scouts are "reverent," are critical to teaching values.

Carol Rapacz, committee chairman of a Cub Scout pack in suburban Chicago, is one of those parents.

When called by a reporter, Ms. Rapacz first asked that her name not be used, then called back a week later to say that she had changed her mind because she felt that a few vocal dissidents had drowned out the voices of the majority who support the Scouts.

A single parent, Ms. Rapacz says scouting provides good male role models and teaches important values that the schools either do not or cannot impart: helping one's fellow man through charity, the belief in God, and moral character.

"I'm not a super-religious person, but I do believe in the principle," she says. "It helps in raising a child."

Dissidents Said to Be Few

Scout officials contend that people in scouting overwhelmingly support their position, and that the dissidents don't amount to more than a handful.

Bill Kephart, Chief Scout Executive at the Denver Area Council, says the flap over membership standards—those barring non-religious kids and homosexuals, for example—amounts to "almost a marketplace issue, as opposed to a moral issue." He says most Scout parents would want BSA's standards upheld.

"All we'd have to do," he says, "is have a headline come out tomorrow and say 'Boy Scouts Now Accept Homosexuals as Leaders,' and by and large we'd be out of business."

Mr. Love disputes Mr. Kephart's characterization of the issue. "We haven't changed the Scout Oath and the Scout Law in 82 years," he says. "The marketplace didn't develop that."

But critics have raised questions about whether the Scouts' current membership policies reflect the intent of the founders.

In his 1967 history of the Boy Scouts, *Scouting With Baden-Powell*, Russell Freedman says that Robert Baden-Powell, the movement's worldwide founder, believed scouting should "welcome" boys who did not practice any religion because the program "could be especially helpful to these boys."

Boy Scout officials say that the program welcomes any boy who can say the oath or promise and can abide by the laws of scouting. They say those are simple rules, and they vehemently deny that they are discriminating.

Asks Mr. Love: "Do you think that a youngster who cannot throw a baseball and is not made a pitcher on a baseball team is discriminated against?"

Boy Scout officials say they will fight for their principles regardless of whether they lose the support of interest groups or secular institutions, such as local United Ways. Those agencies generally provide about one-third of a local Scout council's annual contributions, but have policies of not supporting groups that discriminate.

United Ways Await Rulings

Several local United Ways have said they are closely watching for the court rulings. Meanwhile, school boards in San Francisco and San Jose have severed ties with the Scouts over their exclusion of both gays and non-believers.

Mr. Love says that if Boy Scouts of America loses the Welsh case, the local units would still be able to use the schools, though perhaps not the classrooms. He also doubts the group would lose money by standing by its policies.

In fact, Mr. Love contends, the reverse may be true: The Boy Scouts, he says, lost $10-million in contributions after newspapers in San Francisco reported that the Scouts' new in-school Learning for Life program would admit gay children.

Says Mr. Love: "We stand for certain principles, and we're going to fight for those principles as long as there's a breath of life left in this movement to fight for those principles."

—KRISTIN A. GOSS

its ranks, Mr. Love responds heatedly: "When did America recognize that child abuse was a problem in this country? When was the first sexual abuse case that you'd ever heard about? You don't have to answer the question—you just stop and think about it. It's not a Boy Scout problem."

But just last month, a jury in San Bernardino, Cal., ordered the Boy Scouts of America and its Inland Empire Council to pay $3.75-million to three boys who had been molested by two troop leaders in the late 1980's.

A $45-million lawsuit against Boy Scouts of America, its Tidewater Council in Virginia Beach, and the Mormon Church is slated to begin in a Virginia state court in June. The case involves three boys who were molested by their Boy Scout leader, now in prison, in the mid-1980's. The Mormon Church sponsored the troop.

Change in Screening

In both lawsuits, the boys argued that the Boy Scouts of America essentially had no system for screening volunteers at the time the leaders were accepted, in the 1970's and early 1980's.

That has changed under Mr. Love. In 1986, the Scouts began asking potential volunteers whether they had ever been convicted of a felony or accused of child abuse, and started requiring them to provide references. Names of people banned from Scouting may be checked in a computer file in the national office.

However, the Boy Scouts point out that no screening system is fail-safe, because many molesters are respected citizens with no criminal past and because not all states allow access to police records.

Mr. Love also says that the responsibility for screening volunteers belongs to the local chartering organization—the church, civic group, or school, for example—that is sponsoring the Scout unit. That position has led Parent-Teacher Associations in at least four states to recommend that their local units not sponsor Scout units, even though the Scouts organization maintains that its liability insurance covers sponsoring groups.

Mr. Love says Boy Scouts "didn't lose a single unit. They were picked up by others."

He contends that the Scouts organization was ahead of the country—and other youth groups—in confronting child abuse. "Show me one organization that's done anything in youth protection that comes close to what we've done," he says, "not because of child abuse that took place in the BSA, but because it was a societal problem."

The program, lauded by child-abuse experts, includes videotapes and printed materials to help boys and their parents recognize and prevent abuse. The Scouts organization also has guidelines requiring at least two adults to be present during all activities.

Scout officials say they are proud of the way they have responded to changing times.

Says the Denver council's Mr. Kephart: "I've been in this business for 35 years and we're not anywhere near close to the organization that we used to be."

Scrutiny of Boy Scouts Creates a Public-Relations Challenge

Unprecedented scrutiny and criticism of the Boy Scouts of America over the past two years has created a public-relations challenge for the group, whose successful and hugely popular program for children had virtually insulated it from negative publicity for most of its 82 years.

Now, with homosexuals, girls, and agnostics winning headlines for taking the Scouts organization to court over their exclusion from membership, and with recent press coverage of child molestation within the organization's ranks, Boy Scouts of America has been put on the defensive.

'Absolutely Aghast'

"The organization is absolutely aghast," says a member of a national Scouts advisory committee who asked not to be named. "They're reactive. They're naturally conservative."

The national office, in Irving, Tex., uses one of the nation's largest public-relations firms to handle all inquiries and fend off criticism from the press.

Meanwhile, local councils, at the instruction of the national office, have taken swift action to dismiss local volunteers who have spoken out against the Scouts' membership policies.

That has prompted charges that the Scouts are engaged in a witch hunt that belies the kindhearted image they wish to portray. The Scouts counter that the leaders involved did not meet their membership criteria.

Publicly, local and national Boy Scout officials say they are untroubled by all the criticism of their membership standards.

Says Ben H. Love, the Chief Scout Executive in the national headquarters: "I can't think of anything that could happen to the Boy Scouts of America that would reinforce who we are and what we are [better] than what's happening."

Nonetheless, many Boy Scout officials charge that the press has been biased, playing up the Scouts' difficulties—such as lawsuits and incidents of sexual abuse—while failing to spotlight its successful programs and the daily good works of its members.

"We can get wholesome stories in [neighborhood] papers about Eagle Scouts who have saved lives," says Richard H. Leet, president of the Boy Scouts' national executive board. But, he says, "it's very difficult to get [those stories] in the national or large-city papers. The emphasis is on the seamy side."

The Scouts' troubles have been reported on the front pages of the *Los Angeles Times*, *The New York Times*, and *The Washington Times*, and on the "Donahue," "Oprah," and "McLaughlin Group" television shows, among others. The debate has even spilled over to a popular nationwide computer network, CompuServe, where people have been vigorously arguing about Scout policies for well over a year.

Boy Scouts of America has sought to explain its membership policies clearly to the press and public. Local Scouting officials who speak to the press are expected to report those conversations to the Irving headquarters.

"We have crisis-management training like anybody else does," says Mr. Love. "The whole bottom line of our response to you or anyone else is, Be honest."

But questioning local officials about the controversial membership policies is not greeted favorably in Texas.

The Scouts organization has not commissioned any surveys about how, if at all, the publicity has affected its image, or about the policies and practices that have sparked recent debates. Mr. Love points to two local surveys—one by a Pittsburgh radio station, the other by the *Orange County Register*, outside Los Angeles—that suggest that people overwhelmingly oppose actions by public schools and United Ways to dissociate themselves from the Scouts over the group's exclusion of gays and atheists.

The job of explaining the Boy Scouts' positions, promoting its programs, and blunting criticism falls to a team of three people in the Dallas office of Edelman Public Relations Worldwide, which has offices in 11 countries. In Dallas, the Scouts' "national spokesperson" is Blake Lewis, an Edelman account supervisor who is a former Boy Scout and a former executive director of the American Heart Association's Idaho affiliate.

Mr. Love says he'd "rather buy Blake as a professional communicator" than bring in a Scouts professional who is "a lousy communicator and I've still got to live with him." Says Mr. Love, with a laugh: "If Blake doesn't do the job, I can break the contract. I mean, it's economics."

The Scouts organization paid Edelman $356,000 for services in 1990 and the first 11 months of 1991, according to figures released with Mr. Love's approval.

Says Mr. Lewis: "We've tried to respond, I think, with pretty good depth to anybody that's called up." But, he adds, "at some point in time as an organization you say, Wait a second, whose agenda are we operating on now? Are we operating on the agenda of a comparatively small group that wants to change something that's worked well for 82 years? Or are we operating on our agenda?"

Critics Face Punishment

In at least four cases, the Boy Scouts organization has taken action against local volunteer leaders after they publicly challenged the Scouts' membership policies:

► Boyd Critz, a vice-president of the board of the W. D. Boyce Council in Peoria and a 37-year veteran of scouting, was subpoenaed to testify for a Chicago-area agnostic man and his son who have sued the Scouts for religious discrimination. After he testified, Mr. Critz says, the council's president, Dale Sielaff, asked the national office if Mr. Critz could be removed from his vice-presidency. (BSA said No.)

MARY JEAN GLIDDEN

The Boy Scouts removed Boyd Critz from some duties after he testified for two agnostics in their lawsuit against the charity.

Mr. Sielaff then told Mr. Critz that until his term expired he would "have difficulty" continuing to work with his "former friends," according to an affidavit by Mr. Critz. Mr. Sielaff would not comment on the charges.

Mr. Critz, who says he believes "in a deity," was also removed from a conference advisory committee and barred from teaching at an annual training seminar.

► Barry and Cecile Mankes, a Miami Beach couple who are active and decorated adult leaders, were suspended after their daughter, Margo, now 9 years old, sued for admission to a Cub Scout camp last June.

Tim W. Rose, director of field services for the South Florida Council, said the Mankeses had been suspended because they had ignored the national policy barring girls from Cub Scouts. Barry Mankes says the council's liaison to the pack had approved his daughter's unofficial involvement, an assertion Mr. Rose disputes.

► Irwin Spector, a Cub Scout den leader in Studio City, Cal., was dismissed from that position after he wrote a letter of support to William and Michael Randall, 10-year-old agnostic twins from Orange County who have sued the Scouts for admission.

Eugene Richey, Scout executive in the Western Los Angeles County Council, which dismissed Mr. Spector, said: "It was reported to us that he divulged himself as an atheist. And that basically is not the type of leadership that we are looking for in Boy Scouts."

In an interview, Mr. Spector described himself as "basically an agnostic" who observes Jewish holidays.

He has filed a complaint with the U.S. Equal Employment Opportunity Commission over his dismissal and plans to sue the Boy Scouts for reinstatement.

► David Wise, a Tustin, Cal., computer programmer, was dismissed as a Cubmaster after he testified for the Chicago-area agnostics, Mark and Elliott Welsh. He was called to testify after he wrote on a computer network that he did not believe in God.

Mr. Wise says the network has helped rank-and-file Scouters who disagree with the official membership policies to find each other. "I almost imagine CompuServe acting kind of like the communications network during the Soviet coup," he says.

Leaders Must Meet Criteria

Mr. Love says the national office has been advising local councils to remove leaders who do not "meet the criteria for leadership."

Critics argue that in taking what they see as retaliatory action, the Boy Scouts organization was betraying its wholesome values and friendly image.

In a letter to the Boy Scouts appealing his removal, Mr. Spector said the group's action had sent a bad message to members of his den. "To a man they have pointed out to me that if I had lied (and laid low with my opinions), I could still be their official leader," he wrote. "That's the lesson they learned from you."

Emory Saladin, an 11-year-old Milledgeville, Ga., boy whose father was dismissed as a Cub Scout leader several years ago because he would not sign a required religious declaration, said the Boy Scout officials "kind of felt like people who didn't believe in God didn't deserve to live."

Gretchen Garrett, a screenwriter who has held various positions in the same Studio City pack in which Mr. Spector was a leader, says that Scouting dissenters have grown "paranoid."

"We're sitting there and we're saying, Okay, if I say this, if I speak to [the press], they're going to come after us next," she says. "They're going to ask me if I'm an atheist. I'm going to say, No, I'm not an atheist, so now what are you going to kick me out for?"

Mr. Love says he is not troubled by such comments. "I think we're dealing with a population of a lot of people, and we're dealing with extremes in everybody's thought process," he says. "And to me the paranoia is not with what our decision is; the paranoia is the person out there trying to rationalize."

He notes that the Boy Scouts of America has few requirements, that they are clearly explained from the outset, and that they are enforced.

Bill Kephart, Chief Scout Executive at the Denver Area Council, says he's proud of the stand the Boy Scouts is taking in court, but admits the group is sometimes "guilty" of defensiveness.

Says Mr. Kephart: "I believe this issue is like lots of other issues in this country, like the abortion issue: There's no way to win, there's no way to win at all."

—KRISTIN A. GOSS

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OPINION

Commentary and Letters

We're Naïve About Japanese Philanthropy

By WILLIAM J. HOLSTEIN

LAST FALL a new organization sprang forth onto the playing field of U.S.-Japanese relations. Called the Japan-America Grassroots Committee, this group announced plans to take 500 Americans from many walks of life on week-long trips to Japan to deepen their understanding of Japanese culture. Two public-relations firms were hired to promote the trips. The source of funds was never identified. In fact, the organizer was one of the most powerful men in Japan's ruling Liberal Democratic Party, Ichiro Ozawa, who enlisted contributions from top Japanese companies to underwrite the costs. The goal: to defuse mounting U.S.-Japanese tensions. As one Japanese diplomat described the goal: "Let's get good American friends."

Toyota Motor Corporation has been running advertisements in major U.S. magazines to trumpet all the company has done for charities that serve American black people. Toyota's philanthropy to black organizations, however, is not completely unconnected with one of Toyota's image problems. It has long had a problem with perceptions that it has a less-than-ideal view of American blacks. It came under assault, along with other Japanese auto companies, for example, for locating its U.S. assembly operations in rural, white America, away from urban, black populations. Some highly publicized giving should help.

MY VIEW

Major Japanese companies are interested in "Americanizing" primarily to ease criticism from U.S. competitors, political leaders, academics, and journalists.

Many American universities once thought they had found a cure to their financial problems: They would open campuses in Japan and obtain major new sources of money. They could do this while maintaining their academic integrity, or so they thought. Now institutions ranging from the Green River Community College in Washington State to Philadelphia's Temple University have either relocated or withdrawn from Japan entirely. The key issue: maintaining control of their curricula in the face of pressure from Japanese financial sponsors.

Nearly all Americans know that the Japanese have great sums of money. Indeed, there is little choice but for American non-profits to accept some of this money. At stake is nothing less than the survival of many charitable groups. They have a right, and indeed the duty, to seek funds wherever they can find them. Altogether, conservative estimates suggest that Japanese companies and institutions donated $400-million to American causes last year.

But Americans are displaying tremendous naïveté in accepting this money, and that is alarming. Any American non-profit, for example, would retain a certain amount of suspicion of a major U.S. corporation donating funds to it. What is the expected *quid pro quo*? What is a company's or government's ultimate objective?

Alas, when it comes to accepting money from Japanese companies, too many Americans fail to understand the Japanese strategy. It is not pure altruism, this flood of money. It is almost always tied to the objectives of a Japanese company or indeed of the Japanese government.

The Japanese objectives are simple: to create a climate of positive opinion and political support for continued economic expansion in the United States, which often operates to the detriment of U.S. companies. In other cases, Japanese companies endow chairs at major universities, or else offer grants to laboratories in exchange for access to cutting-edge research. Japanese philanthropy at the Massachusetts Institute of Technology, for example, has given Japanese companies unparalleled access to the innovations coming out of the institute's Media Lab, which is creating electronics technologies for the 21st century. American companies are completely outgunned.

Nothing is inherently evil about this. Just as the Americans have curried support around the world, it is Japan's right to attempt to defend its huge stake in the United States. The burden is on Americans to understand the game.

LETTERS

On-the-Job Fund Drives Don't Belong to Charities

TO THE EDITOR:

We appreciate Bruce Millar's December 3 article about corporations opening their doors to more charitable federations ("United Way's Rivals Gain Ground"). This kind of coverage helps gain greater understanding and acceptance of combined campaigns.

It is important to note that the employee workplace campaign belongs to employers and their employees, not to the United Way or any other federation. Employers decide who gets in and employees decide where their donations go. Some employers still refer to their own campaign as "the United Way's campaign" and defer to the United Way in excluding other federations, thus denying their employees true informed choice in giving.

The national voluntary health agencies of the Combined Health Appeal deserve to be in the workplace to give donors greater choice, and we will continue earning our way into these campaigns as we have done with companies mentioned in your story.

However, the Combined Health Appeal of America does not consider itself a rival of the United Way, especially since there is no duplication of agencies in a given campaign. The United Way is important to the community, and it has begun to show a willingness to work with other federations.

Perhaps all of us need to rely less on studies and surveys as leverage for gaining yardage and start working together to improve the health and well-being of our world and its people.

OLIVER W. PORTER
President
Combined Health Appeal of America
Atlanta

Counting gifts: a reaction

TO THE EDITOR:

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The Newspaper of the Non-Profit World

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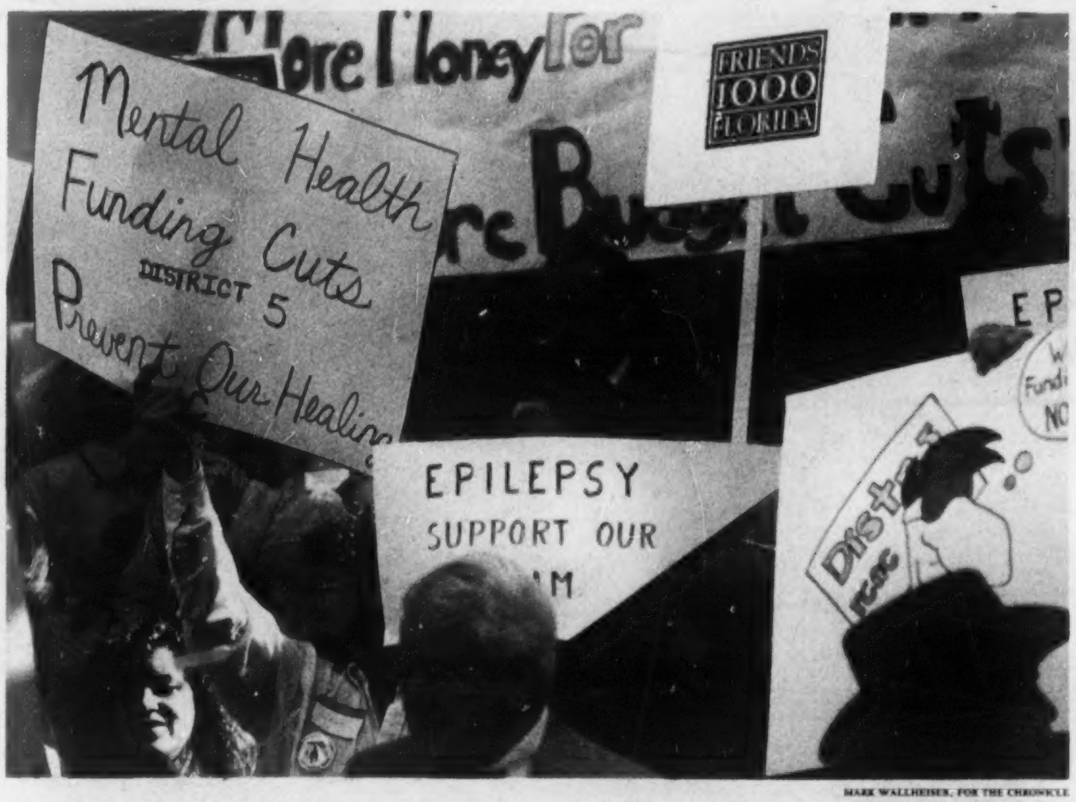
STATE BUDGETS: MORE PAIN TO COME

Still reeling from previous cuts, charities fear that governments will pay them less, tax them more

By ELIZABETH GREENE
and BRUCE MILLAR



MARK WALLHEISER, FOR THE CHRONICLE

The Coalition for Florida's Future, which represents about 100 non-profits, held a rally on the steps of the state capitol to urge legislators to approve big increases in state support for health and human services.

EVEN AS MANY non-profit organizations try to cope with deep reductions in state budgets for the current year, they face a new round of proposals that threaten to cause more pain.

What's more, some states are considering proposals that would force certain non-profits—or the people they serve—to pay new taxes on activities, services, and properties that were previously exempt. (See story on Page 23.)

As the recession continues, social-services and arts groups worry that they will have to deal with deep reductions in grants and contracts they receive from the states. Non-profits that serve poor people are concerned not only about potential cuts in state support for their own operations, but about proposals that would slash direct state support for the needy—and cause the demand for charities' services to soar.

"The effects of the recession are only exacerbated by the state cuts in human services," says Lynda E. Meade, the director of social concerns for Associated Catholic Charities of the Archdiocese of Baltimore and a spokeswoman for the Maryland Alliance for the Poor. "More and more people are flocking to social services. We are seeing that everywhere."

Many state officials say they have no choice. Record deficits, they say, are forcing them to make painful, long-term spending cuts, instead of relying on the quick-fix solutions they used in the past, such as furloughs and freezes on travel for state employees.

The National Association of State Budget Officers estimates that at least 28 states face deficits in the current fiscal year (see map on Page 23). At least nine states are considering cuts in Aid to Families with Dependent Children, the basic state and federal support for poor families.

Some non-profit officials say they recognize that support for their services will have to be reduced along with other state budget-cutting measures. At this point, they say, they are trying to preserve as much as possible under the dire circumstances.

"We know that there's not enough money," says Ilene D. Margolin, associate executive vice-president for operations for FEGS, a New York non-profit that provides job training and placement for low-income people, programs for the mentally ill and mentally retarded, and other services. "The revenues are down. The economy is in bad shape."

While she understands the need for reductions in state budget aid to her organization, she says, "understanding doesn't mean one likes them or accepts them."

Cuts Could Increase Hunger and Homelessness

Laura Cohen, director of the Connecticut Anti-Hunger Coalition in Hartford, says she dreads the consequences of future cuts. "At this point, any cuts—even maintenance of the current budget—mean increased hunger and probably homelessness as well," she says.

Among the state proposals that could slice support for non-profits or cause the demand for services to increase:

► In California, Gov. Pete Wilson, a Republican, has proposed reductions in welfare assistance of up to 25 per cent to help pay for a $6.6-billion deficit. The Governor has proposed that the welfare cuts be the subject of a statewide referendum in November. If voters approve, welfare spending would be cut

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NANCY PIERCE, FOR THE CHRONICLE

Getting Gifts in Kind
Barbara Dotson (*above*) has helped a small North Carolina United Way get almost $500,000 in donated goods through Gifts In Kind America. Story on Page 7.

Guidelines on Sponsorships
The Internal Revenue Service has proposed new guidelines on corporate sponsorships in an effort to clarify recent controversial rulings. Story on Page 19.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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23 Many states and localities are looking at taxes on charities as a new source of revenue.

6 The Washington-based Alliance for Rights & Responsibilities helps local groups battle drug markets and other community problems. It has drawn support from several grant makers, but its critics say it treads on civil liberties.

26 An economics professor is issuing studies charging the American Cancer Society with deceiving donors, but the charity says that his research is sloppy and that he started from preconceived conclusions.

32 The Muscular Dystrophy Association has cut its staff by 5 per cent.

32 Action for Children's Television is shutting down, saying it has completed its mission.

32 United Way of America is setting up a television network for its local affiliates.

9 Earth Share, an environmental fund-raising coalition, has added 13 members, bringing the total to 40.

24 Employment in the "independent sector" grew substantially in the last 13 years, says a new almanac of statistics on non-profits.

34 To deal with today's intimidating list of social problems, non-profits must recognize that the real issue is money, and they must fight to get more of it for the nation's most urgent needs, says commentator Mark Rosenman (My View).

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32 Summaries of annual reports from the Association of Governing Boards, the March of Dimes, and the National Leadership Coalition on AIDS.

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8 An increasing number of corporations are opening their matching-gift programs to non-profits outside education.

17 New York's Juilliard School has received the largest donation in its history; other recent gifts.

22 Interest rates for planned gifts, issued by the Internal Revenue Service.

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About Fund Raising

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22 The Supreme Court has agreed to hear a case that could affect charitable activities in public buildings.

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22 An internationally televised fund-raising event is being planned to benefit AIDS groups.

22 Ideas: A Valentine's Day event brings in donations for a heart institute, and a college uses a videotape to thank a major donor.

35 If Congress kills the tax deduction for charitable gifts, fund raisers shouldn't mourn, says commentator Irving Warner (Opinion).

Of Special Interest to Board Members

19 **The Internal Revenue Service has proposed new guidelines for its agents to use in investigating whether corporate sponsorships subject non-profits to unrelated business taxes.**

23 **Many states and localities are considering new taxes on charities, including possible taxation of products and services for which non-profits charge fees to the public.**

About Grant Makers

9 International Business Machines, the country's largest corporate grant maker, will cut its giving by $10-million this year because of a downturn in profits.

9 "Freddie Mac," the Federal Home Loan Mortgage Corporation, has set up a foundation that will focus on programs to aid young people.

12 Recent grants by foundations, corporations, and other grant makers.

14 Summaries of annual reports from the Morris and Gwendolyn Cafritz, Chicago Tribune, Aaron Diamond, and Teagle Foundations, and the Meyer Memorial Trust.

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Correction

A capital campaign listed in "Campaign Update," December 17, was incorrectly attributed to the Aspen Institute. The campaign is a joint project of the Aspen Institute and the Music Association of Aspen.

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has set out to show Americans that real progress on the nation's problems will come when people stop blaming their failures on others and start taking more responsibility for their actions and for the health of their communities.

The American Alliance for Rights & Responsibilities supports groups and individuals who are working to encourage people's interest in the health of their communities by furthering the public's understanding of civic responsibility.

The alliance's politics are hard to pin down, and some critics charge that its ideas—especially its support of anti-loitering laws that make it easier for police officers to apprehend suspected drug dealers—trample on civil liberties. But the alliance stands by its view that some limited restrictions on individual rights are necessary to solve the nation's direst problems.

"As Americans we have had enormous emphasis on our rights, our entitlements, and our benefits, and it's almost as if we have forgotten what the responsibilities, duties, and obligations are that make all of these rights and benefits possible," Mr. Conner says. "Responsibility for self and to others is part of what makes a person a good person and is part of what makes a country a good country."

Small Group With Big-Time Goals

His organization has a staff of just four—Mr. Conner; Mr. Burns, the assistant director; another lawyer, Robert Teir; and a receptionist—but it has big-time goals. The group has taken a three-pronged approach to tackling the nation's problems:

► Through its Community Legal Defense Program, it recruits major law firms to provide *pro bono* help to community groups that have trouble solving problems such as drug and alcohol abuse, lack of parental responsibility, and inadequate safety and security of public spaces. The alliance also prepares some of the cases itself.

► It conducts public-policy research to demonstrate that serious social problems can be solved by concerned citizens without violating the rights of individuals. Its guide, *The Winnable War*, which attempts to show that ordinary people can take matters into their own hands, is an example of that, Mr. Conner says.

► It has made itself available as a resource for about 200 journalists, sending them its bimonthly newsletter on American social problems and taking calls from writers who are looking for a perspective that is not attached to one political party or another. As a result, the group has received endorsements in *The Dallas Morning News*, *The New York Times*, and *The Wall Street Journal*, and news coverage in *Business Week*, *New York* magazine, *The Washington Post*, *Time*, and *U.S. News & World Report*, among others.

Popular with Foundations and Community Groups

Coming at a time when the public seems overwhelmed by the country's problems and fed up with the highfalutin talk of politicians, Mr. Conner, who sounds like Mister Rogers, has been gaining ground quickly among foundation officials and community groups.

"Roger is dynamic," says Joanne B. Beyer, vice-president of the Scaife Family Foundation in Pittsburgh. "He has ideas, but his ideas can be translated into concrete ways to get things done, and I can't think of anything better I could say about somebody.

"We have only worked with Roger for two years now, but we have seen results."

The foundation gave the alliance a $150,000 grant in 1990 to produce *The Winnable War* and recently award-

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From Shoes to Software, 'Gifts In Kind' Delivers the Goods for Charities

NANCY PIERCE, FOR THE CHRONICLE

Barbara Dotson of the United Way of Rutherford County, N.C.: She arranged to get $500,000 worth of products for non-profits in her area—and pay only $10,000 for them—through Gifts In Kind America.

By VINCE STEHLE

WHEN PEOPLE in Spindale, N.C., mention the woman with 3,000 pairs of shoes, they're not talking about Imelda Marcos. They're speaking of Barbara Dotson, gifts-in-kind coordinator of the United Way of Rutherford County, who has mastered the art of getting something for next to nothing.

Last year Ms. Dotson acquired nearly $500,000 worth of goods, including pens and paper, appliances and personal-care products, like shampoo and toothbrushes, and 3,000 pairs of Nike sneakers for the county's poor children, from Gifts In Kind America, an Alexandria, Va., group that is one of the leading national organizations that channel corporate product donations to charity. The total cost to the Rutherford County United Way, including shipping and administrative fees, was under $10,000. The donations came close to the $630,000 the United Way raised in cash through its annual fund-raising drive.

"Gifts In Kind has been an absolute godsend to this United Way," says Ms. Dotson, whose astute use of the donations program has made tiny Rutherford County, population 56,000, one of the top 10 gifts-in-kind recipients among United Ways.

Gifts In Kind America, founded in 1983 by United Way of America with financial support from the Lilly Endowment, is an independent organization that annually distributes to charities millions of dollars' worth of materials that have been donated by American businesses.

Contributions include many types of products, including clothes, building supplies, household goods, personal-hygiene products, and office equipment and supplies, such as computers and fax machines.

Last year Gifts In Kind received about $35-million worth of products from American businesses. Over the last decade, more than 500 companies have donated merchandise through Gifts In Kind, and about 25 of them give through the organization on a regular basis.

The value of contributions has fluctuated dramatically from year to year, and a few large gifts can skew the figures. For example, in 1989 the value of donations, $53-million, was more than twice the value in the previous year, due to a few large gifts, including $7-million worth of videotapes from the Eastman Kodak Company.

An Alternative to the Open Market

Gifts In Kind was designed to provide charities with a low-cost alternative to buying supplies on the open market, but its programs also benefit the businesses that contribute products.

For non-profit groups, Gifts In Kind provides unused goods, usually at a fraction of their original cost. To buy goods through the program, charities can request information from the 500 local United Ways that have Gifts In Kind coordinators, or they can join Gifts in Kind directly, for a $50 annual fee. Participants receive announcements about available products at least once a month, and they respond by mailing their orders to Gifts In Kind. In most cases, distribution is on a first-come, first-served basis.

Many other organizations distribute in-kind donations. International-relief agencies provide clothing, food, and pharmaceuticals for overseas relief efforts, and domestic social-service agencies distribute donated food and clothing to the poor, the homeless, and the unemployed.

Some non-profit groups use the donations to augment their own programs, and others like Gifts In Kind America, the National Association for the Exchange of Industrial Resources, and Second Harvest, which handles donated food, act as clearinghouses between producers and individual non-profit groups.

Based in Galesburg, Ill., NAEIR distributes corporate products to non-profit groups that pay $625 for an annual membership. Last year NAEIR distributed about $75-million worth of goods to its 7,000 members, who paid a shipping and handling fee for each shipment.

Benefits for Companies

Corporations that give products to Gifts In Kind America benefit in several ways. They can deduct the cost of producing the goods from their corporate tax bill; they can decrease their business costs by reducing stagnant inventories; and, perhaps most important, they can generate good will in

Continued on Page 10

Corporate Matching Gifts: They're Not Just for Colleges and Universities Anymore

By KRISTIN A. GOSS

Non-profits outside education, from art museums to zoos, are gaining ground in winning matching gifts from corporations.

This year, more than 1,050 corporations will supplement their employees' gifts to charity, and 99 per cent of those companies will cut checks to colleges and universities, according to a report by the Council for Advancement and Support of Education.

Since their inception 38 years ago, matching-gift programs have been viewed as a way for corporations to repay the institutions that educated their employees.

Just 39 per cent of companies that have matching-gift programs will supplement employee gifts to at least one non-educational charitable organization. But, the survey found, that share has been slowly rising in recent years.

More Match Arts Gifts

The proportion of companies that match gifts to cultural organizations, for example, rose from 18 per cent of those surveyed in 1988 to 22 per cent this year. For social-service groups, the percentage increased from 10 per cent to 14 per cent. Just 9 per cent of companies surveyed would match gifts to all types of charities. That is up slightly from 1988.

Those findings are contained in the annual report, "Matching Gift Details," prepared by CASE, which represents educational fund raisers, public-relations officers, and others.

CASE runs the National Clearinghouse for Corporate Matching Gift Information, which serves all types of non-profits. The report was based on information from 1,058 parent companies, with nearly 6,000 subsidiaries.

Cheryl Martin, director of the clearinghouse, said it was difficult to say generally why more and more companies are opening their matching-gift programs to non-educational charities. But she said: "One company I talked to used the words 'being democratic.' They wanted to include more of their employees, and some employees didn't go to college."

Educational institutions have received more than $1.4-billion through corporate matching gifts since 1954, when the General Electric Company began the first such program.

Education Gets the Most

In 1989-90, roughly 1,500 educational institutions surveyed by the Council for Aid to Education reported receiving $153.1-million in matching gifts from corporations. The vast majority—$144.8-million—went to higher education.

CASE did not estimate how much its 1,058 surveyed corporations contributed to non-educational charities through matching-gift programs.

According to CASE, matching-gift programs are one of the most efficient ways to raise money, and are a "proven stimulus" for increased giving by individuals.

Corporate-giving officials offer a variety of explanations for education's dominance:

► They have never been asked to match gifts to other charities.

► They support other charities through United Way contributions and other grants.

► They need to limit matching gifts or they will not have any money left for creative grant making.

Opening matching-gift programs to all charities could amount to "robbing Peter to pay Paul," said Peter Bird, senior program officer at the HCA Foundation, the charitable-giving arm of the Hospital Corporation of America in Nashville. "So the net to charities might not go up at all."

"It's very difficult to say if the 'Seeing Eye Dog of Northern Illinois' is a legitimate agency. How do you check that out?"

The HCA Foundation gave $3-million last year, including just over $100,000 in matching gifts. Though the foundation gets its money from the more than 130 HCA hospitals around the country, its matching gifts were restricted to higher-education institutions. Joyce G. Kittle, who administers HCA's matching-gift program, said that many hospital employees gave to nursing colleges and medical schools.

Kept to Limited Level

Said Mr. Bird: "Most companies, if they're being honest, will tell you that matching gifts are fine if you hold them to a fairly limited level, because if they're not held to a certain level, it turns good [corporate-giving] staff people into clerks," whose main purpose is to verify a charity's legitimacy and to send out checks.

R. L. Kuhns, secretary of the Shell Oil Company Foundation in Houston, said its matching-gift program was limited to educational institutions because the country is in "dire need" of better schools. He said, too, that companies can easily determine whether educational institutions are legitimate because they, unlike many other non-profits, are accredited by outside agencies.

"You can go to a book and say, 'Is the Nazarene College of North Dakota accredited? Well, yes it is,' " Mr. Kuhns said. "But it's very difficult to say if the 'Seeing Eye Dog of Northern Illinois' is a legitimate agency. How do you check that out?"

"Most companies, if they're being honest, will tell you that matching gifts are fine if you hold them to a fairly limited level."

According to the survey, 86 per cent of companies required that educational institutions receiving matching gifts be accredited.

Among the other findings:

► Most companies—more than eight in ten—match employee gifts at a one-to-one ratio. But 16 per cent will give twice what the employee contributes, and 1.8 per cent will chip in three or more times what the employee donates to a non-profit.

► Three per cent of companies match deferred gifts, such as insurance-policy premiums, pooled life-income funds, and charitable remainder unitrusts.

► Nearly three in four companies will match gifts by full-time, but not part-time, employees; 43 per cent will match gifts by retired employees; and 53 per cent will match gifts by their directors. One in five companies will match gifts by all employees.

Copies of the report may be obtained by writing to John Gunn at CASE, 11 Dupont Circle, Suite 400, Washington 20036-1261. The price is $63, prepaid, for CASE members and $87 for non-members.

Company Policies on Matching Gifts

Employee Eligibility	Percentage of companies
All employees	20%
Full-time employees only	73
Salaried full-time employees only	4
Permanent part-time employees	8
Continuous service required	37
Retirees	43
Directors	53
Spouses of eligible personnel	15
Spouses of retirees	5
Widows or widowers of retirees	3
Alumni status required	8
U.S. employees only	15

Eligibility of Education Organizations	Percentage of companies
All levels	22%
Colleges and universities	99
Graduate and professional schools	92
Junior colleges	83
Community colleges	83
Seminaries and theological schools	63
Technical and specialized schools	60
Secondary schools	47
Elementary schools	28
Accreditation required	86
State and regional associations	27
National associations	22
Both public and private colleges eligible	97
Only private colleges eligible	2
Both public and private schools eligible	33
Only private eligible	13

Eligible Purposes at Education Organizations	Percentage of companies
Separate alumni or other foundations	55%
Capital campaigns	17
Non-athletic scholarships	15
Athletic scholarships	8
Athletic activities	5
Religious purposes	2
Political purposes	1

Eligibility of Non-Education Non-Profits	Percentage of companies
At least one non-education organization	39%
All 501(c)(3) organizations	9
Public television or radio	34
Art museums	32
Performing-arts groups	32
Historical museums or societies	31
Science museums (including zoos and botanical gardens)	31
Libraries	31
Humanities councils	23
Art groups	28
All cultural organizations	22
Hospitals	22
Health organizations	15
Social-service organizations	14
Environmental groups	15
Civic organizations	13
United Way	8

Minimum Gift to Be Matched	Percentage of companies
None ($1)	13%
$2 to $10	17
$11 to 25	60
Over $25	10

Maximum Gift to be Matched	Percentage of companies
Less than $1,000	23%
$1,000 to $1,999	26
$2,000 to $2,999	19
$3,000 to $4,999	8
$5,000 to $9,999	16
$10,000 or more	7

Ratio of Matching	Percentage of companies
Less than 1 to 1	1%
1 to 1	81
1¼ or 1½ to 1	1
2 to 1	16
3 to 1 or more	1

Programs with mixed ratios are listed at the highest ratio. For example, a program with a 2-to-1 ratio on the first $100 and a 1-to-1 ratio thereafter is counted under 2 to 1.

Distribution of Matching Gifts	Percentage of companies
Continuously	51%
Monthly	12
Quarterly	22
Semi-annually	6
Annually	10

Designation of Matching Gifts	Percentage of companies
Unrestricted	55%
Same as employee's gift	41
General operating budget only	1

Procedures	Percentage of companies
Donor sends form with gift to organization	82%
Donor presents receipt or evidence of gift to company	11
Donor sends check via company officer	10

Some companies use multiple procedures.

Other Policies	Percentage of companies
Company requires acknowledgment of matching gift	27%
Company does not require acknowledgment of matching gift	62
Company will match gifts that can be matched by another company (such as a spouse's employer)	47
Company will not match gifts that can be matched by another company	43
Company matches deferred gifts	3
Company does not match deferred gifts	88

Note: Based on information from 1,058 companies. Some categories may not add to 100% because of rounding or because those that did not answer have been omitted.

SOURCE: Council for Advancement and Support of Education

'Gifts In Kind America' Delivers the Goods for Charities

Continued from Page 7

communities where charities receive their products.

"We did a survey to see why companies gave through Gifts In Kind, and we found that the driving factor was that companies would be helping non-profits in their communities, and that made them feel good," says Susan Corrigan, chief executive officer of Gifts In Kind.

Companies work through Gifts In Kind because "it makes good business sense to use our service," says Ms. Corrigan. "We can take large inventories and distribute them nationwide.

"Otherwise, the companies would have to redirect valuable staff members, who don't understand the non-profit world as well as we do."

Since it processed its first in-kind contribution, a shipment of 80,000 Electrolux vacuum cleaners, Gifts In Kind has provided logistical support for American corporate philanthropy. Over the years, the group has distributed a broad array of goods: thousands of cases of clothing from K Mart Corporation, truckloads of Avon products, and recently, 700,000 batteries from Kodak.

At first, many companies viewed donating to Gifts In Kind primarily as a way to do something useful with excess inventory, and, to a great extent, that's still true. But now, as American businesses become more efficient and inventories shrink, Gifts In Kind is seeking more contributions of newly manufactured goods.

At the same time, Gifts In Kind itself has tried to become more efficient. For example, since transportation is one of the organization's largest expenses, it has established a program with the American Trucking Association to encourage trucking companies to donate shipping services to send goods to and from the group's two warehouses. So far, 53 companies have joined the program, called CONNECT for the Coordinated National Network of Contributed Transportation, and in the last two years they have donated about $80,000 worth of shipping services.

In recent years, while Gifts In Kind has continued to offer a di-

Non-Profit Helps Local Groups Battle Drugs and Crime With a Dose of Responsibility

Continued from Page 7

ed it $250,000 to spread the ideas in the manual and begin developing an ambitious project that will try to put together a registry of the name of every person in America who has been hurt by alcoholism—"a monument to the human pain that alcohol creates," according to Mr. Burns.

"Certainly when you look at the crime and all the things that are going on in this country, Americans need to have a consciousness of their rights and responsibilities," says Charles W. Jacobson, president of the Weingart Foundation in Los Angeles, which has given the alliance about $125,000.

Although foundations have been receptive to the group's proposals, Mr. Conner says it has not always been easy to determine which philanthropies are likely to give to his cause. While he's used all the information available to him and become a frequent visitor to the Foundation Center, he notes that most giving directories don't have "an entry under 'foundations that want to encourage civic responsibility.' "

"The challenge here," he says, "is finding people who agree with us even though they never said so."

The alliance's budget grew from $200,000 in 1990 to $326,000 in 1991, and Mr. Conner hopes to increase it to $500,000 this year—mainly by tapping foundations and corporations.

The group has worked closely with about 30 community organizations in more than a dozen cities, and has turned down numerous others. Under the direction of Mr. Teir, the alliance investigates 5 to 10 times as many cases as it actually takes on, Mr. Conner says. "These days," he adds, "most of them are coming to us."

Unusual Mix of Politics

The alliance's politics are an unusual mix of liberal and conservative that can be confusing at times. Its Board of Directors, for example, includes Edward S. G. Dennis, Jr., a former Assistant Attorney General in the Bush Administration, and James W. Moorman, an Assistant Attorney General in the Carter Administration.

"People have a hard time understanding what AARR is, because it's new and it doesn't fit into the established knee-jerk ideologies," says Joe Davis, a community activist here. "Everybody wants to fit them into a pigeonhole, and if they can't fit them into a pigeonhole then they can't understand them."

Mr. Davis has been working with a coalition of Washington groups to shut down the Hummingbird Restaurant and Supper Club, a bar in a mixed-income neighborhood that residents and police believe is a hub of drug activity. The alliance has been helping the coalition but hasn't tried to force any ideology on the group, instead letting the community organizations decide the agenda, he says.

Despite its non-partisan stance, the alliance embraces much of the "communitarian" philosophy, a new school of thought promoted by a small group of academics and politicians who espouse an increased emphasis on people's responsibilities to the larger society.

Amitai Etzioni, widely considered the "godfather" of the movement, sits on the alliance's board of directors and was an important player in the alliance's founding. "Strong rights require strong responsibilities," says Mr. Etzioni, a professor who teaches ethics and economics at George Washington University here. "The country in the 80's has gone fairly far in the kind of 'give me' direction, a celebration of greed and self-centeredness."

Says Mr. Conner: "We needed a group that would apply this new approach and demonstrate that balancing rights and responsibilities is actually the best way to solve the problems that we have."

Friend-of-the-Court Briefs

Among the alliance's projects, which often involve the filing of an *amicus curiae*, or friend-of-the-court, brief to support a case in court:

► It has joined the Sulphur Springs Action League and the Prison Crusade, two Florida non-profits, in a brief in support of Tampa's loitering ban, which is intended to stop the selling of drugs on the street. The constitutionality of the law is being challenged by the local public defender's office and the Florida Association of Criminal Defense Lawyers. The case is scheduled to be heard by the state Supreme Court in April.

► Working with the Emergency Committee for Georgia Avenue, a coalition of neighborhood groups here, the alliance persuaded the city's Alcoholic Beverage Control Board in December to make license renewal for the Hummingbird Restaurant and Supper Club subject to the approval of more than half the registered voters who live within 600 feet of the bar. The alliance arranged for one of Washington's largest and most prestigious law firms, Covington & Burling, to represent the coalition, and helped attract public attention to the case. The coalition will begin collecting the signatures it needs to close the bar down once it receives petition forms from the city.

► It worked with the Alexandria Coalition Against Drug Loitering, in Virginia, to pass an ordinance making it illegal for people to stand around with the intent of selling drugs. The ordinance, which was opposed by the American Civil Liberties Union, was passed by the city council in April 1990 after some compromises were made.

Maxine M. Clark, a high-school teacher who spearheaded the movement to pass the ordinance, says it was odd to be involved with an all-black group that was supporting a law that in previous times would have been used to obstruct the rights of blacks and uphold segregationist policies. But she says she saw it as "a tool for combating a deadly assault on the community, particularly black neighborhoods."

Seeking to Keep Families United

The American Alliance is also interested in supporting government policies that encourage families to stay together and parents to take more responsibility for their children, especially in discouraging the use of alcohol by pregnant women. However, Mr. Conner says he is interested in working only with communities that have the mechanisms in place to help the people who are in trouble. "Thus far, we have found people who are prepared to punish women who have drunk to the point that they've damaged their fetuses," he says, "but we haven't found that kind of program in a community that also stands ready to help women who want to get off drugs and alcohol to protect their developing child."

Mr. Conner has strong views about the role of parents. "No man should have unprotected sex with a woman who's a drunk or an alcoholic, and it's his responsibility to the offspring and to the community not to do so," he says.

'Emotional Carping'

It's because of ideas like that that the American Alliance for Rights & Responsibilities has its foes.

James T. Miller, a lawyer who has been involved in fighting Tampa's law, calls the alliance's *amicus* brief in the case "more like emotional carping and complaining than a legal document."

Mr. Miller, an assistant public defender and co-chairman of the Amicus Committee for the Florida Association of Criminal Defense Lawyers, says that such ordinances give the police too much authority to stop potentially innocent citizens and that they interfere with people's basic rights of assembly.

Says Victor M. Glasberg, who represented the northern Virginia chapter of the American Civil Liberties Union in opposing the alliance-backed anti-drug-loitering ordinance in Alexandria: 'It was overboard and it was unconstitutional."

Mr. Conner is now involved in putting together a coalition of Atlanta groups that want to defend an ordinance, passed by the city council in July, that makes it illegal for people to loiter in parking lots unless they have cars there or are involved in lawful business on the property. The statute also prohibits panhandlers from accosting people or forcing themselves on others.

Anita L. Beaty, director of the Task Force for the Homeless, an Atlanta non-profit, says the ordinance doesn't cover any areas that aren't already provided for in local laws, but makes it easier for the police to misuse their authority. Her group is considering a lawsuit opposing the statute. "This law was enacted to give the police a sort of hunting license to arrest homeless people," she says. "It was an agreement, we think, between the business community and elected officials as a sort of test case to be prepared for the Olympics," which will be held in Atlanta in the summer of 1996.

But Mr. Conner says some minimal standards of behavior are necessary and that whatever existed before was not working. "Part of the issue is, frankly, the survival of our great cities," he says.

3,000 Guides Given Away

Since last June, the alliance has distributed about 3,000 copies of *The Winnable War*, which advocates the passage of anti-drug-loitering ordinances and other measures that can help community groups stop crime.

Gregory L. Dixon, who administers the Robert Wood Johnson Foundation's Fighting Back grant program, which aims to reduce the demand for alcohol and drugs, says he has given each of the 15 communities in the program a copy of the guide. "It's the first thing that I have seen that is written from the point of view of the neighborhoods," he says.

While Mr. Dixon believes that it is possible that local activists will go too far—"What if they said, 'Hey, there are too many Hispanics moving into our neighborhood' ?" he asks—he says that the spirit of the manual encourages citizens to act responsibly. "The greatest harm in America these days is coming through the lack of vigilance on the part of honest, hard-working, neighborhood citizens, not through the excessive exercise of neighborhood responsibility," he says. "The sense of hopelessness, powerlessness, is a greater danger right now in many neighborhoods."

Mr. Conner says his message is taking hold because baby boomers are finally being terrified out of their complacency. Says Mr. Conner, whose wife gave birth to their first child this month: "They have the same fear every parent does—that their children will be injured or will die."

At a Glance: American Alliance for Rights & Responsibilities

AARR **History:** Founded in 1990 by Roger L. Conner, a public-interest lawyer who said he believed Americans had become overly concerned with their individual rights, to the detriment of the larger society.

Purpose: To increase people's sense of responsibility to those around them—by defending community groups that are trying to improve their neighborhoods, by conducting public-policy research on solutions to the nation's problems, and by encouraging news organizations to publish more articles stressing the need for a greater balance between rights and responsibilities.

Membership: 400 dues-paying members.

Finances: Annual budget of $326,000 in 1991. Sources of funds: $281,000 from foundations, $20,000 from individuals, $15,000 from corporations, and $10,000 from publication sales.

Key officials: Mr. Conner, executive director; Frederick R. Anderson and James W. Moorman, co-chairmen of the Board of Directors.

Address: 1725 K Street, N.W., Suite 1112, Washington 20006; (202) 785-7844.

verse menu of goods, its leaders have tried to attract more high-technology gifts to help non-profit groups operate more efficiently.

The emphasis on computers and other such items stems from the group's marketing surveys, which have shown that charities are stepping up their use of sophisticated office equipment. "We're doing it because that's what the non-profits say they need," says Ms. Corrigan.

But some people who advise non-profits on computers and other technical matters say that Gifts In Kind needs to do a better job of informing charities about the products it offers, because most non-profit groups do not have the computer savvy to distinguish which products are worth taking and which should be avoided. Several non-profit computer experts said that, although the program is basically worthwhile, Gifts In Kind hasn't realized its full potential.

"By and large, my feeling is that it works fairly well," says Bronsa Elliott, director of computer services at the Center for Nonprofit Management's Technology Learning Center in Dallas. "But there's a risk that non-profits that are trying to save a buck will send for the wrong thing."

Several non-profit computer experts also express concern that some of the software offered by Gifts In Kind is too far out of date to be useful to non-profit groups.

"You don't want non-profits accepting software that's obsolete," says Ms. Elliott, who is also chairperson of the Technology Resource Consortium, a network of non-profit groups that offer technology-related assistance to charities. "Sometimes non-profits are viewed as poor stepchildren, for whom the old version is good enough."

Listings by Function Sought

Daniel Ben-Horin, executive director of CompuMentor, a San Francisco–based organization that advises non-profits, faults the way software is listed in the publications that Gifts In Kind sends to its members. All the software produced by one company is lumped together, and all types of software available for distribution are put on the list.

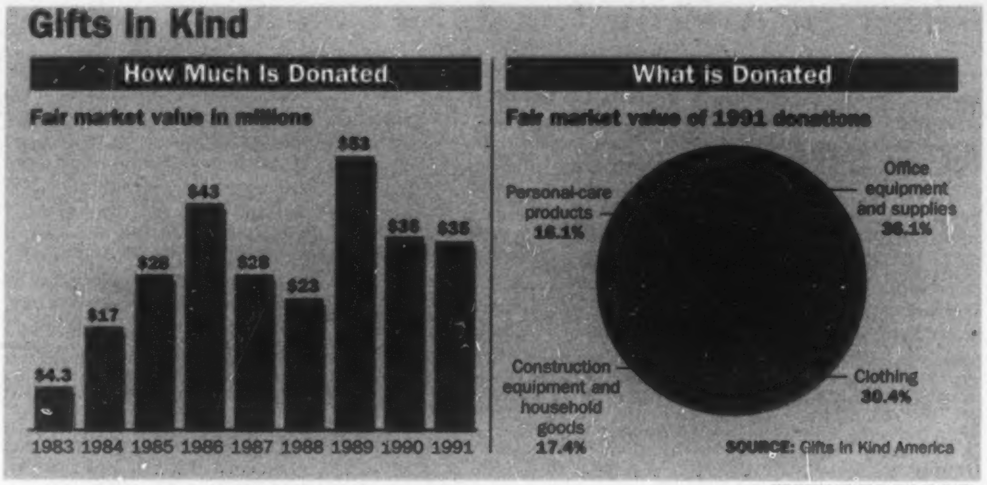
Instead, suggests Mr. Ben-Horin, Gifts In Kind should not continue to distribute donated software that may not be useful to non-profits and should group the listings according to the function of the software, such as word processing or accounting spread sheets.

"You don't wake up in the morning and say, 'Gee, I'd like some software from Lotus,' " he says.

What's more, he says, listings should include the actual value of the software, not just the manufacturer's list price. For example, Gifts In Kind offers Microsoft Word for an administrative fee of $30 and says the approximate value is $450, when, in fact, the most recent version of the software can be purchased for under $300.

"They have a responsibility to do an exemplary job in this arena, not just a barely passable one," says Mr. Ben-Horin.

Ms. Corrigan says that it's not up to Gifts In Kind to insure that charities obtain the correct software.



SOURCE: Gifts In Kind America

CHRONICLE CHART BY JOJO GRAGASIN

"It's the non-profit group's responsibility to order properly," she says. With only 17 full-time employees, she says, Gifts In Kind "can't answer all the questions that people would have about the software."

Questions About Quality Control

Some non-profit administrators say that Gifts In Kind's quality control is less than perfect.

"The computers and high-tech stuff were a little disappointing," says Ms. Dotson, of the Rutherford County United Way. "When we started receiving some of the items, we found that maybe it wasn't such a good deal after all. A lot of the companies may be sending items that aren't first quality."

To insure that Gifts In Kind receives high-quality merchandise, Ms. Corrigan tries to persuade technology companies to provide newly manufactured goods directly to Gifts In Kind, rather than using the organization as a way to get rid of extra products.

In a recession, when companies may have to cut back cash gifts, she says, donations of products can help them maintain a positive corporate image. So far, about a half-dozen companies, including Microsoft Corporation, a large software producer, and Lanier Worldwide, an office-equipment manufacturer, have agreed to provide current products through Gifts In Kind.

In one of Gifts In Kind's most successful efforts to date, IBM has agreed to use the organization as a conduit for gifts of equipment to charities supported by United Ways. Until now, most of IBM's support for United Ways has been through unrestricted gifts of cash. But starting this year, about 20 per cent of IBM's United Way contribution will consist of gifts of equipment, which will be distributed by Gifts In Kind.

If IBM's United Way contribution figure is $18.5-million, as estimated, the company will provide $3.7-million worth of equipment through Gifts In Kind.

"An organization like this brings to the table logistical expertise that can help determine where the need is among non-profit groups," says Brian Doyle, an IBM spokesman.

In recent years, the quality of supplies and the efficiency of the Gifts In Kind delivery system have both improved dramatically, say non-profit administrators who have used the service.

"At first it was rather difficult to deal with," says Kent Rubin, computer director for the Salvation Army's Northern Division headquarters in Minneapolis.

In the past, charities would send their orders, including payments, to Gifts In Kind, not knowing whether they would receive the items they ordered, since the goods are offered on a first-come, first-served basis.

"They'd put out a Christmas list, but whether Santa would come was anybody's guess," says Mr. Rubin. "Now, before you send your money in for something, you can find out if it's still available," he says, by calling in advance.

Last year, the Pew Charitable Trusts gave Gifts In Kind a grant of $230,000 to computerize its ordering process, a change that many of the group's users have applauded.

And as Barbara Dotson demonstrates, in the battle for resources, smaller communities have just as good a chance of getting what they need as big communities, because all of the groups get the information at the same time, through the mail. "The post office is right at my back door, and we know when it's coming," she says.

In fact, she points out small groups may have an edge over larger groups, because small groups are less bureaucratic and can act faster.

"In the bigger places, they have to get three signed affidavits just to go to the bathroom," she says. "We fill out the forms the same morning we get the list."

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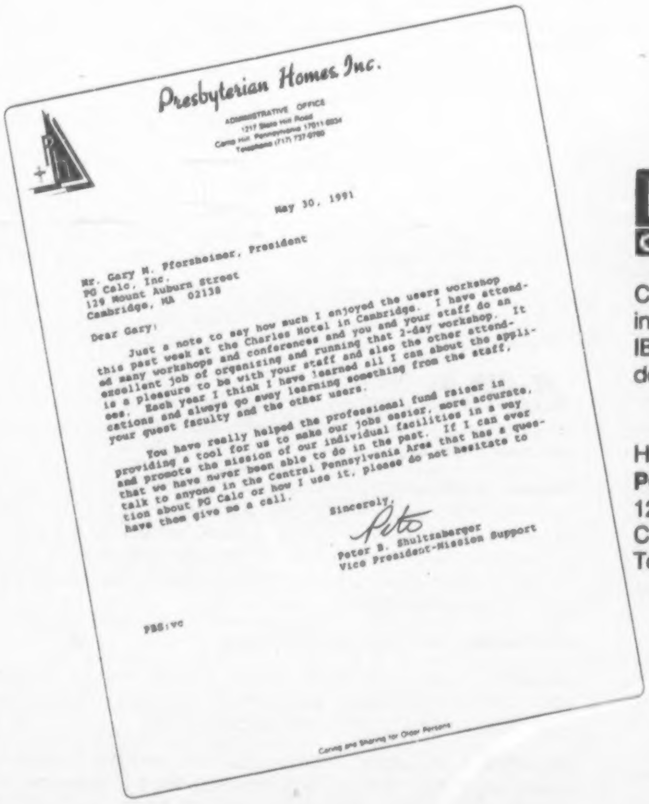

Presbyterian Homes Inc.
ADMINISTRATIVE OFFICE

May 30, 1991

Mr. Gary N. Pforzheimer, President
PG Calc, Inc.
129 Mount Auburn Street
Cambridge, MA 02138

Dear Gary:

Just a note to say how much I enjoyed the users workshop this past week at the Charles Hotel in Cambridge. I have attended many workshops and conferences and you and your staff do an excellent job of organizing and running that 2-day workshop. It is a pleasure to be with your staff and also the other attendees. Each year I think I have learned all I can about the applications and always go away learning something from the staff, your guest faculty and the other users.

You have really helped the professional fund raiser in providing a tool for us to make our jobs easier, more accurate, and promote the mission of our individual facilities in a way that we have never been able to do in the past. If I can ever talk to anyone in the Central Pennsylvania Area that has a question about PG Calc or how I use it, please do not hesitate to have them give me a call.

Sincerely,
Pete
Peter B. Shultzaberger
Vice President-Mission Support

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Associations Find New Dollars Through Aggressive Fund Raising

Continued from Page 19

Federal Campaign, the annual on-the-job solicitation of federal employees. The foundation was started 20 years ago by the Council for Exceptional Children, a Reston, Va., group that represents about 60,000 people who provide services to children with learning disabilities.

Several of the fund-raising foundations have started holding special events at their associations' annual conventions.

Such events, while not always big sources of income themselves, often lead to new contributions from people who participate, says Marie J. Tapparo, executive director of the American Speech-Language-Hearing Foundation in Rockville, Md. Last year, the foundation held an aerobics session and an art auction during its parent association's annual meeting, raising about $2,000 altogether.

More Flexibility

Association officials say that having a charitable foundation can help distinguish an organization from others that serve the same field. In addition, because foundations are supported with donations, not membership fees, they often have more flexibility to work on projects that have long-term benefits to a specific trade or profession.

"A lot of associations created the foundation because they saw it as a way to attract additional funding to do some of the things that they thought were important to do, but without having to rely on member dues or traditional funding streams," says James P. Gelatt, director of planning for the American Speech-Language-Hearing Association and head of the informal group of association foundations in Washington. "Having a 501(c)(3) was a potential way of doing that."

He adds: "Many have gotten into it because they perceived the importance of enriching the pool of people coming into that field, so a lot of them do scholarships, grants, and other kinds of things designed to attract people to the profession or trade or business the association represents. A lot of them are also the locus for much of the research the association stimulates."

'Unique Sort of Animals'

The foundations set up by associations are unusual in the philanthropic world: They raise money and they distribute it; they are independent organizations, yet they are linked to the associations that created them. Despite their charitable work, statistics on their activities are not tracked separately by Independent Sector or the Internal Revenue Service.

"They're kind of unique sort of animals," says Mr. Gelatt. "They're like a foundation and they're not, and they're like other non-profits and they're not. The balance that association foundations have to strike is how to find a niche for themselves that is unique but at the same time related to the association."

Ms. Walker of the Orthopaedic Research and Education Foundation says associations must be both fund raisers and grant makers. "To support research we have to raise funds," she says, "so we look at them in tandem."

Tom Gorski, director of planning for the American Society of Association Executives, says a fine line exists between many associations and their foundations. Many share staff members and office space and have overlapping board members. Under IRS rules the two are required to keep their finances separate and maintain complete and accurate records.

Donald D. Roberts, an IRS public-affairs specialist, says that while the close relationship between the two presents the potential for abuse—such as channeling charitable contributions collected by the foundation to pay salaries of association officials—the tax agency does not have the time or resources to monitor those groups.

"It is not something we have tracked," he says. "We don't see it as a significant potential problem."

Gifts from Grant Makers

While most association-operated foundations receive the majority of their money from members of their associations or from companies that are involved in the field that the association represents, a handful have attracted broader support from private foundations, other corporations, and the public.

"One of the hardest things about starting to work for a foundation is working with a board that is not used to giving."

One organization whose charitable efforts have multiplied over the past few years is the National Society of Professional Engineers. That group started a foundation in 1958 to respond to a shortage of engineers, but it did not hire a full-time fund raiser until 1986. Susanne Garvey, director of development for the society, says the effort to raise money "was very hit-or-miss before I came on board." Assets for the foundation in 1986 were around $500,000.

Since then, the foundation has grown so rapidly that a program called Mathcounts, designed to encourage junior-high-school students to study mathematics, has become a separate foundation. Assets in 1991 for the educational foundation were $700,000 and $1-million for Mathcounts.

Mathcounts, whose program now operates in about 8,000 schools around the country, receives contributions from such companies and corporate foundations as the CNA Insurance Companies, International Business Machines Corporation, the General Motors Foundation, and the AT&T Foundation.

The engineering foundation also sponsors National Engineers Week, held in the third week in February, during which engineers around the country visit schools and set up technology displays in local shopping malls, business offices, and libraries. This year, IBM has worked with the National Action Council for Minorities in Engineering and Marvel Comics to publish a Spider-Man comic book on technology, *Riot at Robotworld*, which will be distributed to one million schoolchildren during that week. The society also worked with the Smithsonian Institution's Museum of American History to help design some of the materials for the project.

"The programs give engineers a way to give back to society," says Ms. Garvey. Unlike doctors or lawyers, Ms. Garvey says, most engineers are hired by businesses rather than by individuals. "It's very important for engineers to have that human, social, community contact," she says.

The Council for Exceptional Children's foundation also receives money from private grant makers, including the Knight Foundation, the Dole Foundation for Employment of People With Disabilities, and the Morris and Gwendolyn Cafritz Foundation, for its college-scholarship programs for students with disabilities. That fund has an annual budget of $570,000.

Charles A. Johnson, vice-president for development for the Lilly Endowment, says the endowment has contributed to associations such as the National Society of Fund Raising Executives and the American Association of Fund-Raising Counsel because it wants to help non-profits do a better job of raising money from many types of sources.

Most association foundations, he says, are set up for "professional advancement" rather than to benefit the association. "To the extent that they are self-serving or self-centered," he adds, "they are not obtaining grant money from private foundations."

Lack of Fund-Raising Experience

Some association fund-raising efforts have been stymied by inexperienced leadership or a lack of resources. Staff and board members who have been borrowed from an association to work on its foundation usually have little experience in raising money.

"One of the hardest things about starting to work for a foundation is working with a board that is not used to giving," says Ms. Tapparo of the American Speech-Language-Hearing Foundation. Before being hired as the foundation's first full-time staff member three years ago, she was in charge of obtaining major gifts for the Massachusetts Institute of Technology.

Ms. Tapparo says that when she started working for the association foundation, not all of the foundation's board members made contributions. She has expanded the board to include representatives from corporations that produce speech- and hearing-related products as well as speech pathologists. Currently, all 11 members of the board make donations, with half giving at least $1,000. The foundation raised $170,000 last year.

"Many of our members work with non-profits, so that even if they're not used to asking for money, they're used to giving themselves."

In some cases, when both the foundation and the association are growing rapidly, they end up competing with each other. Associations can find themselves competing with their members, as well. For example, a group that represents colleges may be contacting the same prospective donors as its members, says George Brakeley, III, president of Brakeley, John Price Jones, a fund-raising consulting firm in Stamford, Conn.

Such competition usually leaves the associations at a disadvantage. Mr. Brakeley says donors may ask why they should give to an association when they could contribute to a college directly. He says donors often see the association as a middleman, asking: "Why should I give when the only effect is so diffuse as to be immeasurable?"

While association-run foundations are a high-growth area, most fund-raising experts say they do not think the funds represent a major source of competition for other non-profits.

"In overall philanthropy, it's a relatively small piece," says Mr. Brakeley. "I don't think it's going to cut into other parts of the pie in the same way the emphasis on pre-collegiate education is cutting into higher education."

Mr. Payton of the Center for Philanthropy agrees. "It's a small segment of a larger pie," he says. "I think it won't touch people beyond the immediate focus of the association, but I think it will generate new giving."

Most fund-raising affiliates of associations recognize that by the nature of their activities, they probably can solicit only from a limited group of individuals and corporations. The scope of that group varies with the type of organization.

Says Elliot J. Berkowitz, development officer for the National Association of Social Workers: "Part of our success has to do with the profession we represent. Many of our members work with non-profits, so that even if they're not used to asking for money, they're used to giving themselves."

Diana Stevens, director of administration and development at the Fund for Chiropractic Education and Research, which has a $2-million budget, says the fund's pool of potential donors is fairly limited. "There are only a set number of chiropractors," she says. "We don't go after patients because we don't think that's appropriate. And it's not like we can go after doctors or dentists. There's a limited market."

According to Mr. Moore, the consultant, the success or failure of association foundations over the next five years will determine the long-term future of the organizations. "So many associations have incorporated foundations that may not have done very well, so staff often don't see them as that valuable," he says.

It will take some "stellar victories," he says, to serve as examples before more associations will be willing to make any strong commitments to their fund-raising affiliates.

He says such successes, however, may be more prevalent in the next few years. "There are many organizations," he explains, "that have now figured out what to do with a foundation, that realize that it needs to build assets, that it can bring the association's constituency closer and can help it reach the public at large."

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
College of Notre Dame of Maryland	Fall 1989	Dec. 1991	$14,000,000	$14,000,000
Cornerstone Services (Ill.)	Fall 1991	Dec. 1992	1,000,000	232,500
Fort Hays State U. (Kan.)	April 1991	April 1994	20,000,000	14,000,000
Glendale Adventist Medical Center Foundation (Cal.)	June 1991	June 1992	3,000,000	1,320,000
Oklahoma Christian U. of Science & Arts	Nov. 1984	April 1991	50,000,000	51,200,000
State University of New York at Albany	Summer 1989	Dec. 1999	55,000,000	11,200,000
United Jewish Appeal–Federation of Jewish Philanthropies of New York	Nov. 1988	Fall 1994	1,200,000,000	697,000,000
Walt Disney Cancer Institute at Florida Hospital	March 1991	Dec. 1992	25,000,000	7,000,000

The Non-Profit World: a Statistical Portrait

Between 1977 and 1990, the proportion of American workers employed by "independent sector" non-profits increased by a full percentage point, as per-capita contributions to such organizations grew by nearly 50 per cent.

In those 13 years, paid employees in the independent sector—non-profits that are tax exempt under Sections 501(c)(3) and 501(c)(4) of the tax code, plus religious organizations that are not required to register with the federal government—grew from 5.3 to 6.3 per cent of workers in the U.S. economy. At the same time, the share of total U.S. earnings by paid employees in that category rose from 3.9 per cent to 4.8 per cent, according to *The Non-profit Almanac 1992-93: Dimensions of the Independent Sector.*

Measured as a fraction of total national income—and including an imputed value for time volunteered—the independent-sector non-profits' share grew faster than that of business or government between 1977 and 1982, then slowed as federal cuts affected many non-profits. That decline reversed slightly between 1984 and 1990. The group's share of national income was 4.9 per cent in 1977, 5.8 per cent in 1982, 5.7 per cent in 1984, and 6.2 per cent in 1990.

The almanac, published by Independent Sector, a national coalition of major non-profits and foundations, marks the fourth in a series of biennial statistical profiles of non-profits in the United States. Drawing upon data from private and public sources, it includes information about the size, composition, and function of the organizations, the sources of their private support, employment trends, and profiles of subgroups classified both by field (such as arts and culture, education, environment, and housing) and by state.

The almanac's definition of the independent sector excludes non-profit organizations like social clubs, fraternal societies, credit unions, and veterans' groups—although some of the statistics include data from those non-profits as well.

Among the data:

► In 1990, independent-sector non-profits comprised an estimated 983,000 organizations, representing 4.2 per cent of all U.S. institutions—down from 4.6 per cent in 1977, but nearly unchanged since 1984.

► For every charitable organization that closes, three new ones open. The result was a net increase in organizations from 360,668 in 1987 to 460,289 in 1989.

► The largest growth in the number of organizations occurred among groups focusing on the environment, animals, medical research, crime and legal issues, agriculture and nutrition, human services, international causes, community improvement, social sciences, and religion. In all cases, the number grew by at least 25 per cent.

► Between 1977 and 1990, the independent sector's share of total U.S. employment increased from 8.5 per cent to 10.4 per cent. (Those figures include volunteer time, which accounted for the equivalent of 3.3 million employees in 1977 and 5.8 million in 1990.)

► Per-capita giving by individual Americans grew 48 per cent in real terms during the 1980's, compared with 30 per cent in the 1960's and no change in the 1970's. Americans gave $493 to charity on average in 1990, compared with $161 in 1977.

► Corporate contributions as a proportion of total giving peaked at 5.8 per cent in 1984, declining to 4.8 per cent in 1990—when corporations gave $5.9-billion.

Copies of the almanac will be available next month for $49.95 from Jossey-Bass Publishers, 350 Sansome Street, San Francisco 94104; (415) 433-1767.

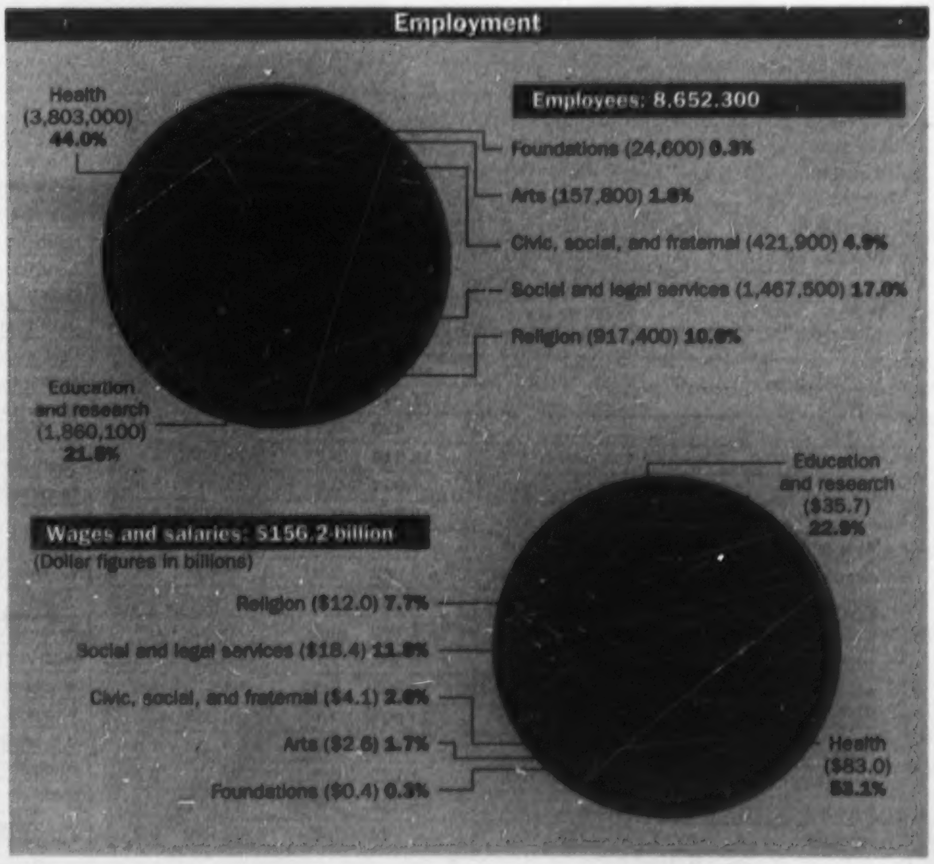
Independent Sector members can obtain the almanac at a discount directly from Independent Sector, 1828 L Street N.W., Washington 20036; (202) 223-8100.

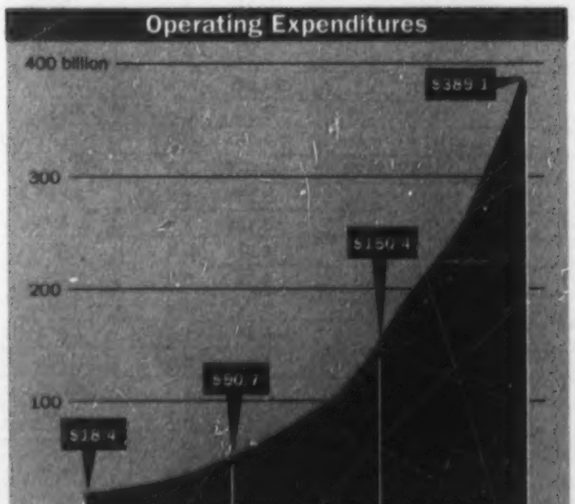
—STEPHEN G. GREENE

Key Statistics

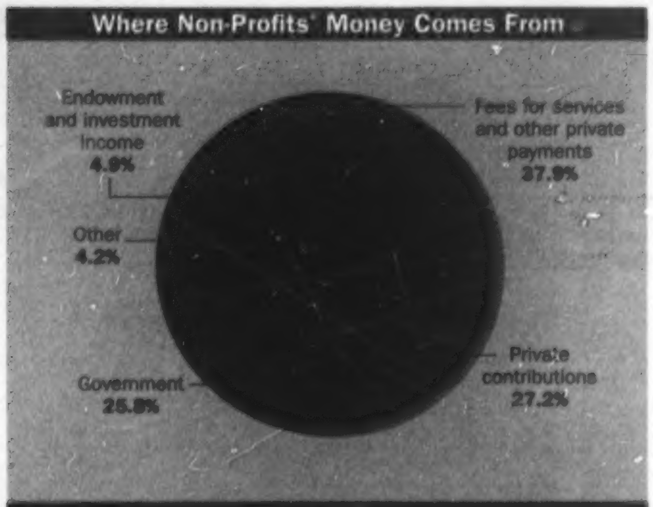
	1977	1990
Organizations	739,000	983,000
Employees	5,519,500	8,652,300
Percentage of total U.S. employment	5.3%	6.3%
Employee earnings	$46,700,000,000	$156,200,000,000
Percentage of total earnings of U.S. workers	3.9%	4.8%
Volunteers	3,271,000	5,784,000
Operating expenditures[1]	$102,700,000,000	$389,100,000,000
Adjusted for inflation (1982 dollars)	162,400,000,000	263,300,000,000
Per capita	$466	$1,548
Per capita, adjusted for inflation	$737	$1,047
Percentage of U.S. service economy	17.6%	19.6%
Percentage of gross national product	5.2%	7.1%
Total contributions	$35,500,000,000	$122,600,000,000
Per capita	$161	$493
Per capita, adjusted for inflation	$239	$375
Percentage of non-profits' operating expenditures	34.6%	31.5%
Contributions by individuals	$29,500,000,000	$101,800,000,000
Per capita	$134	$409
Per capita, adjusted for inflation	$199	$311
Percentage of U.S. personal income	1.84%	2.19%
Foundation grants	$2,347,000,000	$7,911,000,000[2]
Percentage of foundation assets	6.6%	5.8%
Corporate contributions	$1,791,000,000	$5,600,000,000[3]
Percentage of pre-tax income	0.89%	1.82%
Percentage of after-tax income	1.41%	3.82%

[1] Figures are for all non-profits, whereas others cover only organizations exempt under Sections 501(c)(3) and 501(c)(4) of the tax code, plus churches.
[2] 1989 data.
[3] Estimated data for 1989.

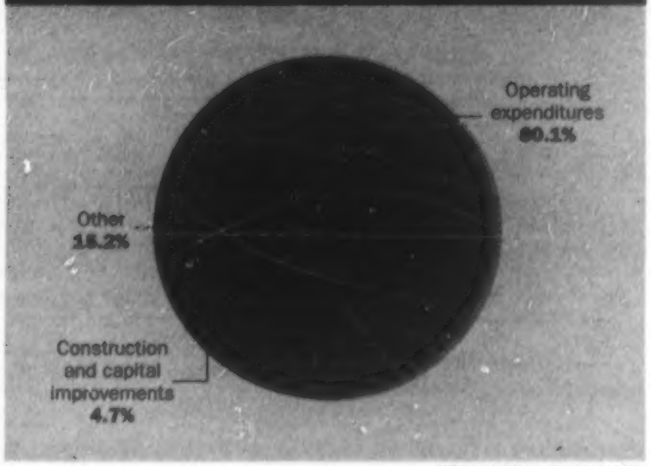




Where Non-Profits' Money Comes From



Where It Goes



CHRONICLE CHARTS BY JOJO GRAGASIN

Finances of Types of Organizations

(Dollar figures in millions)

	Public support*		Annual expenses		Assets	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Arts, culture, and humanities	$4,895	7.6%	$8,525	2.6%	$19,892	3.9%
Education	17,670	27.4	59,351	18.3	154,658	30.4
Environment	824	1.3	1,118	0.3	3,089	0.6
Animal-related	606	0.9	1,161	0.4	2,504	0.5
Health—general	7,347	11.4	180,705	55.7	210,119	41.4
Mental health	1,863	2.9	3,755	1.2	2,430	0.5
Disease-related	2,373	3.7	4,564	1.4	6,760	1.3
Medical research	742	1.2	1,913	0.6	9,065	1.8
Crime- or legal-related	1,232	1.9	1,591	0.5	1,070	0.2
Employment or job-related	985	1.5	2,064	0.6	1,702	0.3
Food and agriculture	382	0.6	648	0.2	627	0.1
Housing and shelter	1,213	1.9	5,961	1.8	17,843	3.5
Public safety	107	0.2	285	0.1	513	0.1
Recreation and sports	556	0.9	1,753	0.5	2,307	0.5
Youth development	997	1.5	1,958	0.6	3,433	0.7
Human services—multipurpose	8,299	12.9	17,318	5.3	20,271	4.0
International	1,701	2.6	2,227	0.7	1,442	0.3
Civil rights	244	0.4	296	0.1	249	—
Community improvement	3,398	5.3	5,160	1.6	7,169	1.4
Philanthropy and volunteerism	110	0.2	119	—	101	—
Science	1,594	2.5	4,884	1.5	6,130	1.2
Social science	228	0.4	348	0.1	623	0.1
Public affairs	901	1.4	2,147	0.7	8,539	1.7
Religion-related	1,638	2.5	6,520	2.0	11,612	2.3
Mutual and membership benefit	153	0.2	454	0.1	2,207	0.4
Unknown or unclassified	4,440	6.9	9,601	3.0	13,559	2.7

Note: Figures are only for organizations that are tax exempt under Section 501(c)(3) of the tax code and are required to file an informational tax return, Form 990, with the Internal Revenue Service. Organizations with revenue under $25,000 and religious groups are not required to file returns. Organizations, including foundations and United Ways, that raise money for or give money to other non-profits have also been excluded to avoid double counting.

* Includes gifts, grants, and contributions from private and government sources.

— Less than 0.1 per cent.

State-by-State Finances of Non-Profits

(Dollar figures in millions)

	Public support*		Annual expenses		Assets	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Alabama	$482	0.7%	$2,432	0.7%	$4,138	0.7%
Alaska	259	0.4	399	0.1	538	0.1
Arizona	607	0.8	3,884	1.1	4,744	0.8
Arkansas	342	0.5	1,525	0.4	2,133	0.3
California	7,854	10.7	40,249	11.3	51,750	8.4
Colorado	818	1.1	4,307	1.2	6,460	1.0
Connecticut	1,118	1.5	6,422	1.8	17,629	2.9
Delaware	156	0.2	844	0.2	2,843	0.5
D.C.	3,051	4.1	7,407	2.1	9,923	1.6
Florida	2,484	3.4	11,813	3.3	19,699	3.2
Georgia	1,739	2.4	5,741	1.6	9,953	1.6
Hawaii	261	0.4	1,093	0.3	2,821	0.5
Idaho	113	0.2	420	0.1	775	0.1
Illinois	3,488	4.7	18,219	5.1	28,533	4.6
Indiana	1,166	1.6	7,024	2.0	11,674	1.9
Iowa	485	0.7	2,509	0.7	4,977	0.8
Kansas	390	0.5	2,327	0.7	4,075	0.7
Kentucky	618	0.8	3,082	0.9	4,631	0.7
Louisiana	429	0.6	2,761	0.8	4,598	0.7
Maine	332	0.5	1,760	0.5	2,607	0.4
Maryland	1,220	1.7	6,153	1.7	14,328	2.3
Massachusetts	4,865	6.6	17,838	5.0	34,013	5.5
Michigan	2,162	2.9	12,994	3.7	16,368	2.6
Minnesota	1,231	1.7	6,213	1.8	9,624	1.6
Mississippi	336	0.5	1,675	0.5	2,337	0.4
Missouri	1,221	1.7	8,598	2.4	13,983	2.3
Montana	124	0.2	789	0.2	1,299	0.2
Nebraska	$326	0.4%	$1,745	0.5%	$4,857	0.8%
Nevada	95	0.1	426	0.1	877	0.1
New Hampshire	338	0.5	1,760	0.5	3,532	0.6
New Jersey	1,759	2.4	9,729	2.7	14,825	2.4
New Mexico	190	0.3	791	0.2	1,326	0.2
New York	11,520	15.7	56,439	15.9	132,046	21.4
North Carolina	1,440	2.0	6,209	1.8	10,801	1.7
North Dakota	100	0.1	1,019	0.3	1,385	0.2
Ohio	2,620	3.6	15,478	4.4	25,373	4.1
Oklahoma	649	0.9	2,522	0.7	5,035	0.8
Oregon	490	0.7	2,176	0.6	3,279	0.5
Pennsylvania	3,787	5.1	24,581	6.9	35,952	5.8
Rhode Island	467	0.6	2,133	0.6	3,210	0.5
South Carolina	472	0.6	2,155	0.6	3,842	0.6
South Dakota	128	0.2	1,035	0.3	2,184	0.4
Tennessee	1,031	1.4	5,155	1.5	8,758	1.4
Texas	3,102	4.2	13,182	3.7	26,478	4.3
Utah	296	0.4	1,374	0.4	1,945	0.3
Vermont	201	0.3	1,093	0.3	1,775	0.3
Virginia	2,261	3.1	8,243	2.3	12,980	2.1
Washington	990	1.3	5,780	1.6	7,616	1.2
West Virginia	280	0.4	1,935	0.5	2,735	0.4
Wisconsin	876	1.2	5,633	1.6	8,630	1.4
Wyoming	156	0.2	232	0.1	396	0.1
U.S. territories	44	0.1	255	0.1	799	0.1
Foreign	2,636	3.7	5,157	1.5	10,836	1.8

Note: Figures are only for organizations that are tax exempt under Section 501(c)(3) of the tax code and are required to file an informational tax return, Form 990, with the Internal Revenue Service. Organizations with revenue under $25,000 and religious groups are not required to file returns.

* Includes gifts, grants, and contributions from private and government sources.

SOURCE: Independent Sector

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OPINION

Commentary and Letters

It's Time to Fight for More Money

LOOKING AT THE RANGE and magnitude of problems confronting the United States, it's easy to become overwhelmed and decide that philanthropy and volunteerism can't possibly do much to resolve them. But instead of giving up in despair, all of us in the non-profit world must think about new ways of deploying charitable resources. To come up with sound strategies, we need to take a close look at the public policies that have caused such dreadful conditions, both for non-profit groups and for the people they serve.

The reason behind our troubles can be boiled down to one word: money.

Although people give over $100-billion each year to good causes, non-profits receive only a small share of the nation's resources. Norman A. Brown, president of the W. K. Kellogg Foundation, which is among the country's five largest philanthropies, recently noted that his institution gives away an amount that is less than the budgets of many big school systems. The amount charities spend each year is equivalent to only 17 per cent of the amount spent by local, state, and national governments.

MY VIEW

Even the most genteel among us must understand that it is not tacky to talk about money—it is essential to the very survival of our society, to any semblance of human decency.

But the money problem is not only about a paucity of charitable resources:

More people have less money. Generally, people who have enough money can avoid most of the problems that charities exist to solve. Accidents, diseases, disasters, and self-destructive behavior will always cause suffering, but with adequate income and government support most people would be able to obtain the basic necessities of life, to partake of arts and culture, to receive good education and reasonable health care, and would not require most of the services that non-profits provide.

When personal income goes up, the need for charitable service decreases. As income goes down, charity becomes necessary, sometimes even essential to sustain life. And real income has been going down for the vast majority of us. Compared to 1980, about 80 per cent of the people in this country have lost economic ground.

This situation has implications far beyond the ability to purchase creature comforts. It means that very real economic hardship is becoming the norm for an increasingly large segment of our population.

Needy people are getting less government aid. Since 1970, the value of welfare benefits has fallen sharply. And because of state budget cuts, fewer of the poor receive such assistance today. In great part because of cuts in federal programs, the shortage of affordable housing has soared over 300 per cent since 1970. Over one-third of the homeless are families.

For those struggling to remain in the middle class, government assistance is also decreasing. The value of their federal student financial aid has fallen dramatically, and unemployment compensation, which more people need to cushion their long searches for new jobs, has been scaled back in scope. The number of people covered by unemployment benefits is lower than at any time since 1955.

The rich keep getting richer. We are now facing the greatest disparity in the distribution of wealth in our nation than at any time since we began to keep such data at the end of World War II. During the past decade, government policy has favored the wealthy at the expense of the rest of us. Tax breaks granted to the wealthiest 10 per cent of the population cost the U.S. Treasury over $90-billion in 1990 alone—money that would otherwise have been available to government to meet domestic needs. Between 1980 and 1990, the top 40 per cent of the population saw their federal taxes decrease (the very wealthiest by close to 15 per cent) and the rest of us paid more (the very poorest by close to 30 per cent).

American corporations are fattening their profits by investing abroad. While some politicians argue that tax breaks are essential to spur the economy forward, create new jobs, and increase our competitiveness internationally, that is not true. The strategy has failed miserably. During the period of these tax breaks, American-based corporations pursued higher profits by creating more new jobs overseas than at home; they moved a greater amount of production offshore than the total amount of our trade deficit.

In great part because of these corporate investment patterns, our trade balance has worsened dramatically; in the last decade our net foreign debt has increased more than sevenfold. The economic downturn has been caused as much by government policies and the practices of U.S.-based corporations as it has been by foreign economic powers.

State and local governments are running short of cash. Between 1980 and 1990 the portion of state and local government expenditures covered by federal dollars decreased by about 30 per cent. That means that municipal and state services also have to be cut, further decreasing the quality of life for all of us and increasing the hardship for the neediest.

GIVEN THOSE FACTS, one might wonder why our elected leaders allowed this situation to occur. How have the wealthy come to benefit so disproportionately at the expense of the rest of us? Why have corporations been allowed to use the cash from domestic tax breaks to increase their profits from foreign operations instead of creating jobs and income at home? How come our elected leaders tend to the interests of the wealthy more than to the majority of Americans in the declining middle class or among the poor?

Again, money is to blame.

Victory in electoral campaigns increasingly depends on the big dollars needed to buy television advertising time. To attract the financing they need, many politicians serve the interests of large campaign contributors first.

Citizen politics, ward organizations, neighborhood campaigns, and other kinds of election strategies that depend on people are less and less important. At least one in every ten U.S. House members receives more than 70 per cent of campaign contributions from political-action committees. And those funds come mainly from wealthy corporations and individuals.

About 12 per cent of our federal elected representatives are themselves millionaires. That is over 30 times the proportion in our population. It becomes pretty easy to understand why federal policy favors the wealthy when we see who successful politicians are and what is important to their re-election.

How would you feel if the government told you that you

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The Newspaper of the Non-Profit World

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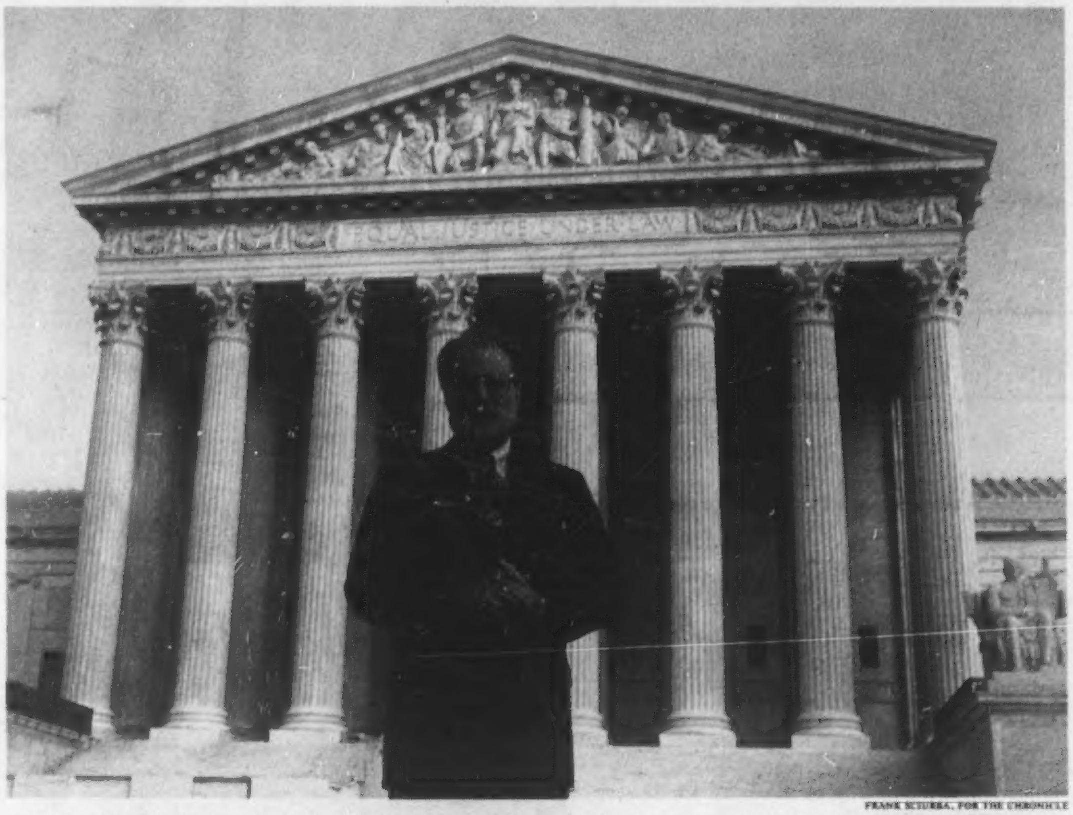
TRYING TIMES FOR RELIGIOUS GROUPS

America's changing demographics and bad economy cause trouble for main-line denominations, but evangelical organizations thrive



FRANK SCIURBA, FOR THE CHRONICLE

John Womble, fund raiser for the Baptist Joint Committee: The advocacy group lost funds from the Southern Baptist Convention when leaders "took aim at groups that didn't follow their narrow line." See story on Page 26.

By VINCE STEHLE

MAJOR CHANGES in American society are posing a significant threat to the long-term financial stability of many large Christian and Jewish organizations.

The problems faced by religious organizations are rooted in the troubled economy, shifts in demographics, and increased demands for social services.

Religion still receives more than half of all donations to charity, but many religious groups are worried by such trends as these:

► Declining membership. Membership in main-line Protestant denominations has shrunk. As fewer young people enter religious vocations, the ranks of Catholic priests and nuns are graying. Synagogues face declining enrollment as more Jews sever ties to their religion.

► A decrease in local support for national denominations. Many Christian officials say that individuals and local congregations are giving a smaller share of their contributions to national religious offices than they did in the past. Among the reasons: Local churches have expanded the educational and social services they offer, and church members have grown increasingly dissatisfied with the policies of national denominational headquarters.

► Political and theological splits. Major philosophical differences in doctrine and social policy have caused schisms in some denominations—most notably the Southern Baptist Convention—and in ecumenical organizations.

Many observers say that the most profound challenges faced by religious groups are related to demographic changes. "The changing demographics of our churches have had a serious effect on national fund-raising efforts," says Ronald Vallet, executive director of the Ecumenical Center for Stewardship Studies in Indianapolis.

Many congregations now feel under pressure to offer a wider selection of religious and social services, including day-care centers and health-care services. At the same time, a decline in the number of church members means that many religious institutions have smaller financial resources to draw upon.

"Old-line Protestants have been in a state of financial crisis for several years, and they have been managing a state of decline for a decade or two," says Joel A. Carpenter, director of the religion program at the Pew Charitable Trusts.

Rise and Fall in Episcopal Membership

Main-line Protestant denominations are losing their flocks in part to an increasingly secular society and in part to more aggressively evangelical, conservative churches.

The recent history of the Episcopal Church is typical of many Protestant denominations since World War II. In 1950, the Episcopal Church had 2.4 million members. By 1965, membership had swelled to 3.5 million, a 46-per-cent increase. But by 1989, the denomination had shrunk back to 2.4 million.

Despite the long-term decline in membership and the accompanying fall in revenues from local congregations, the national headquarters of the Episcopal Church did not make sharp cutbacks until last

Continued on Page 22

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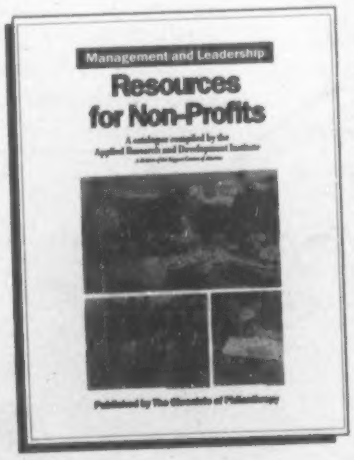

Management and Leadership

Resources for Non-Profits

A catalogue compiled by the Applied Research and Development Institute

Published by The Chronicle of Philanthropy

Resources for Non-Profits

More than 500 books, manuals, periodicals, and other materials on non-profit management and leadership are listed in a special pull-out section following Page 24.

Bush Proposes Tax Breaks

President Bush's budget includes two proposals sought by non-profits: a permanent extension of the deduction for all gifts of appreciated property and improved tax treatment of donations by multinational corporations. Mr. Bush also wants more reporting of gifts by charities. Story on Page 17.

Making Health Care an Issue

Families USA, a Washington-based non-profit, has used lobbying and charitable activity to help make health-care reform a major issue in this year's Presidential election. Story on Page 6.

$127-Million for Housing

Twenty-nine major corporations have committed more than $127-million in social-investment funds to build housing for the poor. Story on Page 7.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 8

About Fund Raising

17 President Bush has asked Congress to pass two proposals designed to encourage charitable giving: a permanent tax break for gifts of all kinds of appreciated property and a change in the treatment of donations from multinational corporations.

17 The President's budget would force a big increase in non-profit postage rates. Congress isn't expected to go along with the plan, but pressures are mounting to raise the rates after this year's election.

20 Giving to small liberal-arts colleges slowed considerably last year.

30 Salary raises for chief college development officers outpaced inflation, but not all campus fund raisers fared so well.

19 The American Association of Fund-Raising Counsel has released the text of its new ethics code, which bars commissions.

20 Boys & Girls Clubs of America has started a three-year campaign to raise more than $37-million and expand its services to 300,000 more young people.

21 A Kingsport, Tenn., minister challenged his congregation by giving its members $1,500, which they turned into $7,000 in donations for a local charity (Ideas).

21 American Airlines allows participants in its frequent-flyer program to donate mileage to charities that serve children (Ideas).

9 Three universities have received donations of $10-million or more; other recent gifts.

20 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Volunteers

21 A Chicago computer network links charities with qualified volunteers (Ideas).

8 Points of Light 672 to 684 were named by the Bush Administration.

About Health

6 With a combination of lobbying and education, Families USA has helped put health care near the top of the agenda in this year's election campaign.

10 Spurred by charges of bias in federal health research, grant makers are giving new attention to issues of women's health.

8 The Robert Wood Johnson Foundation will spend $32.7-million over the next seven years to encourage more medical students to become general practitioners.

About Housing

7 Twenty-nine major corporations have put up $127.5-million to create housing for the poor.

20 Advocates for the homeless in five Midwestern states are applying to 22 countries for foreign aid.

HEALTH INSURANCE IS A RIGHT!
HEALTH CARE FOR ALL
INSURE HEALTH CARE FOR ALL
HEALTH CARE FOR ALL
The Unit
Spends 3
Person or
Care than
CITIZ

DANIEL BENNETT

Putting health care on the political agenda. 6

About Managing Non-Profits

28 The IRS has issued a mixed group of rulings on the unrelated-business income tax; the U.S. Tax Court overruled the IRS's denial of a tax exemption to a Pennsylvania health-maintenance organization (Tax Watch).

20 The Postal Service has extended the deadline for charities to comment on guidelines to determine when they may use third-class non-profit postage rates to mail offers of insurance policies to members and donors.

28 Greenpeace plans to lay off about two dozen employees as it braces for a second year of budget cuts.

28 The Red Cross's disaster-relief fund has a $28-million deficit.

28 United Way has decided to continue its aid to a Rhode Island Red Cross chapter that was criticized for its response to a hurricane last summer.

27 When people request information on a charity from the Better Business Bureau's Philanthropic Advisory Service, they ask most often about health organizations.

27 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

32 To succeed in lobbying Congress, non-profits must pick their battles carefully, says a Washington lawyer (My View).

About Grant Makers

8 A new effort will seek to strengthen regional associations of grant makers.

8 A group of small charities based in Marin County, Cal., has filed a lawsuit challenging part of the 1986 court settlement governing one of California's largest foundations.

8 Grant makers in southern California gave away 17.7 per cent more in 1990 than in 1989, but corporate giving lagged behind that of foundations.

9 The Colorado Trust has revised its grant-making goals, based on a study of the state's needs.

12 The T. B. Murphy Foundation has made a $236,000 grant for scholars to study Christmas.

33 If foundations seem to be having little effect on today's most difficult social problems, perhaps it's time for some self-examination, says columnist Waldemar A. Nielsen.

12 Recent grants by foundations, corporations, and other grant makers.

About Religion

1 Major changes in American society are putting increased financial pressures on many of the nation's largest religious organizations.

22 Synagogues must look for new ways to attract Jewish families, says a Denver rabbi who's trying to do just that.

23 Theological seminaries, faced with declining support from national denominations and increased capital needs, are stepping up their fund raising.

24 Catholic convents are seeking private gifts to help them meet the needs of a growing number of elderly priests and nuns.

26 After losing most of its support from its parent denomination, the Baptist Joint Committee has found other sources of donations.

8 The world's largest cash prize, the Templeton Prize for Progress in Religion, is now even larger.

Also In This Issue

31 **Press Clippings:** *New York* magazine on the Warhol Foundation and *The Public Interest* on charitable giving in the 80's.

31 **Books:** Summaries of recent publications on philanthropy and non-profits.

32 **Letters** on the real issues in the IRS's bowl-game rulings and on the importance of non-profit lobbying.

29 **People:** Appointments and promotions in the non-profit world.

35 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

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FUND RAISING

Trends and Ideas

Bush's Proposals to Spur Giving

President's budget includes a full deduction for gifts of property and special breaks for multinational corporations

By GRANT WILLIAMS

WASHINGTON

PRESIDENT BUSH is urging Congress to pass two key tax measures intended to spur giving to non-profits. He also wants to expand the reporting requirements for charities that receive large donations.

In the budget plan the President submitted to Congress, he sought passage of proposals that would:

► Permanently extend a full charitable deduction for all gifts of appreciated property, including stocks and real estate. That would encourage donations from wealthy people to many non-profits.

► Change certain tax breaks offered to multinational corporations that donate to U. S. charities working abroad. If passed, the change would nullify federal regulations proposed last year by the Internal Revenue Service. The proposed rules have been condemned by non-profit relief and development groups, among others.

► Require charities with annual gross receipts above $25,000 to file a report with the IRS on contributions above $500 made by any individual during the calendar year.

The reports would help the revenue service crack down on people who cheat on their tax returns by misstating the amount of their charitable donations, according to the Treasury Department. The new enforcement tool would be expected to bring in an estimated $600-million in new revenue through 1997 and replace money the government would lose through the other two provisions.

Congressional sources said it was too early to predict how the President's proposals would be received on Capitol Hill.

Nevertheless, President Bush's support for the measures to stimulate giving was welcomed by many charities and their lobbyists.

"We think it enhances our chances," said Sharon Cranford, a higher-education lobbyist who coordinates the Appreciated Property Working Group, a coalition of health, education, social-services, and other non-profit organizations. "Anything can happen, but we're cautiously optimistic."

> **"In this economic climate, to get something, you have to give. It would be unreasonable to think that Congress or the Administration would simply write us a free ticket."**

The aim of the reporting proposal—to encourage proper accounting of charitable contributions—should be endorsed by non-profits, said Pamela Winnick, general counsel for CARE, the relief-and-development charity.

However, Ms. Winnick said, "we do worry about the possible administrative burdens," which she said could include the cost of hiring additional staff members and designing new computer programs.

Tony Gambino, public-policy director for InterAction, a coalition of relief and development organizations, said his group's members were becoming increasingly concerned about the reporting requirement. Millions of contributions would have to be tracked, he said, including small donations made over several months that could total more than the $500 threshold by year's end.

Some charity lobbyists said Treasury officials have indicated that churches, which are exempt from most reporting rules, would be covered by the new requirement.

Some university officials have noted that the reporting procedure would cause extra administrative work, Ms. Cranford said. But, she added, "in this economic climate, in order to get something, you have to give. It would be unreasonable to think that Congress or the Administration would simply write us a free ticket."

In November, Congress voted to extend for six months—until June 30, 1992—a tax break for gifts of art and historical objects that have increased in value.

The tax break, which Congress initially applied to gifts made in 1991, allows people subject to the alternative minimum tax to deduct the full fair market value of gifts of art and other tangible property. The alternative minimum tax was created to insure that people who claim large write-offs do not avoid taxes altogether.

New Rule Since 1987

Since 1987, donors subject to the tax have been allowed to deduct only the purchase price—not the present value—of donated items.

Non-profits, joined now by the Bush Administration, hope to persuade Congress to extend the full charitable deduction to all forms of appreciated property, and to make it permanent.

The President's proposal would cover contributions that are made in calendar years ending on or after December 31, 1992.

The tax-writing House Ways and Means Committee is currently consider-

Continued on Page 19

Non-Profits Would Face Big Increase in Postal Rates Under President's Proposal

By HOLLY HALL

WASHINGTON

NON-PROFITS would have to pay 31 per cent more to send each piece of third-class mail under a plan proposed by President Bush. Non-profit second-class rates would increase by 17 per cent under the proposal, which applies to the fiscal year that starts October 1.

In his budget, the President asked Congress to appropriate $121.9-million to the Postal Service to help close the gap between the postage rates paid by non-profits and what it actually costs to deliver their mail.

But postal officials say they need $481.9-million—or almost four times the amount that Mr. Bush wants to give them—to keep non-profit rates from going up in 1993.

Although both Presidents Bush and Reagan have proposed deep cuts in the subsidies since 1982, Congress has never gone along with their plans. Because this is an election year, and the subsidies are popular with the public, some Capitol Hill observers say it's unlikely that the President's proposed reductions will be approved. However, Congressional aides and lobbyists for charities say that, due to the lingering recession, they fear a tough battle over the subsidies in 1993.

In his budget plan, President Bush also recommended that eligibility for non-profit postage rates be tightened. He made similar proposals last year, but Congress refused to go along with his ideas.

Proposals to Tighten Eligibility

Under the President's proposal, the following types of non-profit mail would be ineligible for reduced rates:

► Second-class publications that contain more than 10 per cent advertising.

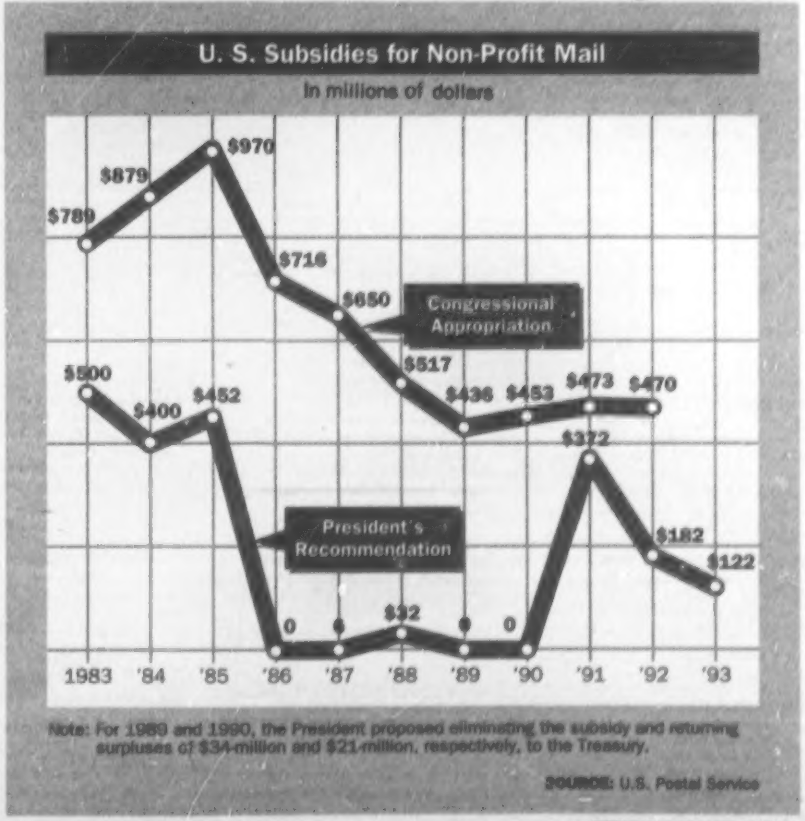
► Third-class mail that includes advertising or political-advocacy material.

► Educational materials sent by "organizations that are not schools."

While the deep cuts and eligibility changes recommended by the President seem unlikely to pass this year, pressure to expand the types of groups eligible for the subsidies may make it harder for Congress to keep the rates stable in the future. Local chambers of commerce and county governments with tight budgets, for example, are clamoring that they deserve to pay the subsidized rates.

And the federal deficit has already put a squeeze on the subsidies. Last year, in final-hour budget negotiations, even members of Congress who are strong supporters of the postal subsidies reluc-

Continued on Page 18



Note: For 1989 and 1990, the President proposed eliminating the subsidy and returning surpluses of $34-million and $21-million, respectively, to the Treasury.

SOURCE: U.S. Postal Service

CHRONICLE CHART BY JOJO GRAGASIN

President Bush's Budget and the Non-Profit World

Release of President Bush's spending blueprint for fiscal 1993 marks the start of the annual federal budget process—a process that has significant implications for the non-profit world.

Tens of thousands of non-profits count on federal dollars for a variety of projects, from museum exhibits and scientific research to helping the homeless and teaching adults to read and write. Just how much federal aid will be awarded for such projects will be determined in the next few months, as members of Congress review the President's plan and decide whether to endorse his spending proposals.

Among items of note in the President's plan:

► The Commission on National and Community Service would get $75-million to distribute to projects to spur volunteerism—the same amount it received this year. The Points of Light Foundation, which also urges people to donate time to charity, would receive $10-million, $5-million more than got this year.

► Community Services Block Grants would be eliminated. When President Bush made the same proposal last year, Congress refused to go along and instead provided $437-million.

► The budget for the National Endowment for the Arts would not grow enough to keep pace with inflation. It would get $176.1-million, the same amount it received last year.

Even for those non-profits that don't receive a penny of federal aid, the government's budget decisions can be important. Changes in federal spending can lead to increases in demand for certain services and slacken interest in others. They can also lead private foundations and corporations to change their philanthropic strategies.

Many grant makers, for example, are keeping a close eye on the fate of Mr. Bush's America 2000 school-reform plan. The President has asked private organizations to donate money to help him carry out his ambitious attempt to improve education. While many businesses are contributing to the project, some philanthropic leaders have expressed concern that the President's plan will divert money from other worthy school-improvement plans.

The Bush Administration is also seeking to improve the effectiveness of some programs by working more closely with private groups. In addition to requesting a 27-per-cent increase for Head Start, the popular program for poor preschoolers, the Administration said it would try to build on previous cooperative efforts, including a project that urges girls in Head Start to join the Girl Scouts and a program financed by the Johnson & Johnson Corporation that provides management training to Head Start directors.

	Spending in fiscal 1992	Proposed for fiscal 1993
Arts and Humanities		
Corporation for Public Broadcasting[1]	$327,280,000	$318,636,000
Historic preservation	35,478,000	40,931,000
Institute of Museum Services	26,999,000	29,000,000
National Endowment for the Arts	176,112,000	176,118,000
National Endowment for the Humanities	176,535,000	187,739,000
National Gallery of Art	48,572,000	52,630,000
Smithsonian Institution	281,333,000	311,150,000
Community Development and Housing		
Community Development Block Grants	$3,125,464,000	$3,339,200,000
HOME Investment Partnerships Block Grants	30,000,000	269,000,000
Homelessness	1,008,000,000	1,064,000,000
Homeownership and Opportunity for People Everywhere Grants	6,550,000	117,745,000
Housing for the Elderly and Handicapped	121,378,000	311,100,000
Public housing and housing for American Indians	2,450,000,000	2,282,436,000
RESTORE (public-housing improvement)[2]	n/a	412,000,000
Education and Job Training		
Adult education	$287,260,000	$303,760,000
America 2000 school-reform efforts	100,000,000	767,500,000
College-student aid	11,705,000,000	13,686,000,000
Education for the handicapped	5,468,990,000	5,646,000,000
Elementary and secondary education	6,707,014,000	6,828,207,000
Fund for the Improvement of Postsecondary Education	15,000,000	16,000,000
Head Start	2,202,000,000	2,802,000,000
Job training	4,082,218,000	4,189,465,000
Vocational education	950,000,000	990,500,000
Entitlements for Low-Income People		
Child Nutrition	$6,068,000,000	$6,480,000,000
Family support payments	15,100,000,000	15,300,000,000
Food Stamps	22,350,975,000	28,001,000,000
Medicaid	72,503,000,000	84,396,000,000

	Spending in fiscal 1992	Proposed for fiscal 1993
Health		
AIDS research, prevention, and treatment	$1,968,000,000	$2,069,000,000
Community and Migrant Health Centers	594,000,000	684,000,000
Family planning	150,000,000	155,000,000
Health Care for the Homeless	56,000,000	68,000,000
Health services for American Indians	34,126,000	34,126,000
Healthy Start (infant mortality)	64,000,000	143,000,000
Maternal and Child Health Block Grants	650,000,000	674,000,000
Medicare	129,200,000,000	141,900,000,000
Scientific Research		
Alcohol, Drug Abuse and Mental Health Administration	$3,092,000,000	$3,276,000,000
National Institutes of Health	8,935,000,000	9,377,000,000
National Science Foundation	1,974,000,000	2,311,500,000
Social Services		
ACTION	$199,644,000	$205,137,000
Aging	846,000,000	850,000,000
Child Care Block Grants	825,000,000	850,000,000
Child Welfare Services	274,000,000	274,000,000
Community Services Block Grants[3]	437,000,000	5,000,000
Developmental disabilities	109,000,000	109,000,000
Drug-abuse prevention for youth gangs	10,943,000	10,943,000
Family-violence grants	20,000,000	20,000,000
Foster care and adoption	68,992,000	58,175,000
Prevention of child abuse	40,524,000	42,524,000
Refugee and Entrant Assistance	411,000,000	227,000,000
Runaways and homeless youth	63,000,000	63,000,000
Social Services Block Grants	2,800,000,000	2,800,000,000
Social-services research	21,879,000	14,879,000
Other		
Commission on National and Community Service	$75,000,000	$75,000,000
Juvenile justice	68,575,000	7,500,000
Peace Corps	205,024,000	223,721,000
Points of Light Foundation	5,000,000	10,000,000
Postal subsidies for non-profit groups	470,000,000	121,912,000

[1] Figures shown are for 1993 and 1994 because money is appropriated two years in advance.

[2] This program is a new effort to improve housing conditions and financial health of public-housing projects insured by the Farmer's Home Administration.

[3] Proposed for elimination; $5-million would go to the National Youth Sports Program, which provides recreational activities to low-income youth.

Non-Profit Groups Would Face Big Increase in Postal Rates Under President's Proposal

Continued from Page 17

tantly voted to raise postage on non-profit "flats"—large-size mail pieces—because the lawmakers could not find another way to keep non-profit mail rates from increasing across the board. As a result, postage for non-profit flats rose by 2.2 cents in November, with another 2.2-cent increase likely to take effect on October 1.

More and more, lawmakers say money for non-profit postage could be better spent elsewhere.

For example, during the last session of Congress, Sen. Bill Bradley, Democrat of New Jersey, introduced a bill that would use the subsidy money to provide a tax refund to families with dependent children.

No action is expected on the measure this year. However, Congressional aides say it may spark similar attempts to eliminate the subsidy, given the lagging economy.

Worries About Wastefulness

Congress has to "look at what we can live without," says Wayne Schley, staff director for Republicans on the Senate Committee on Rules and Administration. "We cannot do without money for education and AIDS, but can we live without subsidizing the Smithsonian's mail-order catalogue?" He previously was a top aide on the committee that allots money to the Postal Service.

The tight budget is not the only issue that has prompted Congress to cast a more critical eye on non-profit mail. Many lawmakers believe non-profits are wasteful in their mailings, says Mr. Schley, and they complain about duplicate mailings received in their own homes and those of their constituents.

In addition, members of Congress have expressed concern about commercial groups that set up bogus non-profit arms to take advantage of lower postal rates and about the privacy issues raised by the compilation and exchange of mailing lists, Mr. Schley notes.

'Major' Changes Seen

Congress will probably make dramatic changes in the subsidy, "minor at first but major in the next three to four years," Mr. Schley predicts. The subsidy, he adds, "will not be recognizable in five years."

Non-profit lobbyists say that Congress is likely to make the changes by taking one of three approaches:

► Abolish the subsidy, which would require non-profits to pay the same postage rates as commercial mailers.

► Reduce the number of groups that are eligible for non-profit mail rates.

► Restructure the system. A new "subclass" for non-profit mail could be set up, for instance, and Congress would no longer have to review the subsidy budget each year.

IN BRIEF: Fund Raising

Boys & Girls Clubs Plan $37-Million Campaign

The Boys & Girls Clubs of America has begun a three-year campaign to raise $37.35-million and expand its services to 300,000 more young people. It also hopes to establish 345 new clubs.

The campaign, called "Outreach Two Million," aims to bring the total of people served to two million. It follows the conclusion of "Outreach 1991," a five-year plan ending last year, in which the clubs reached 500,000 more boys and girls, bringing the total to 1.7 million. During that period, the charity added 426 new clubs, for a total of 1,340.

"As ambitious as our goals seem, we are confident that we have both the formula and the commitment to realize our aims by 1994," said Jeremiah Milbank, Jr., chairman of the charity and president of the J. M. Foundation.

Mark Lutin, a spokesman for the charity, said officials plan to raise money from corporations, foundations, and individuals. He said the money will be used to provide services to local clubs, including program development, staff training, and marketing and communications training.

Postal Service Seeks Comment on Proposal

The Postal Service is extending its deadline for comments on guidelines to determine when non-profits may use third-class non-profit postage rates to mail offers of insurance policies to members and donors.

Comments must be received by the Postal Service on or before April 6.

The guidelines were created after Congress ordered the Postal Service to come up with regulations to help enforce a 1991 law designed to make sure non-profits don't use subsidized rates to mail pieces that promote certain commercial insurance deals. The law says mailings describing insurance policies are eligible for non-profit rates only if they are designed for and promoted to "members, donors, or beneficiaries" and cannot be "otherwise commercially available."

Under the service's proposed guidelines, determinations of whether an insurance policy offered by a non-profit is commercially available would not be based on price but "strictly limited to the actual coverage" provided in the policy. When comparisons are made with commercial policies, postal officials would consider "the scope of policy coverage benefits, limitations, and exclusions, and the availability of coverage to the targeted category of mailing recipients."

The complete guidelines were published in the *Federal Register* of December 6, 1991 (Pages 63,895-63,896). Written comments should be submitted to Donald Dillman, director, Office of Classification and Rates Administration, U.S. Postal Service, Room 8430, 475 L'Enfant Plaza, S.W., Washington 20260-5903.

Advocates for Homeless Seek Funds Abroad

Advocates for the homeless in five Midwestern states have applied to 22 countries for foreign aid as a way of bringing public attention to the plight of the homeless in the United States. So far, none of the countries have responded, one of the organizers said.

Jim Cain, associate director of the Ohio Coalition for the Homeless, said the unusual appeal was made as a way of dramatizing the problems of the homeless and illustrating the desperation advocates for the homeless feel about the "lack of attention" by state and federal officials.

"The hope is that other developed nations will respond with compassion and help send a strong message to Washington and the state capitals of the Midwest that mass homelessness in the heartland should not and cannot be tolerated," said Mr. Cain.

The Ohio group joined the appeal by the Midwest Coalition to End Homelessness, which represents groups in that state, as well as in Illinois, Indiana, Michigan, and Wisconsin.

"We kept the letter pretty general because we thought if we asked for a specific amount that might limit a particular country," Mr. Cain said.

Among the larger countries asked for help: Australia, Canada, France, Great Britain, Japan, Mexico, Saudi Arabia, and Sweden.

Giving to Liberal-Arts Colleges Grew 2.9% Last Year

Giving to 58 small liberal-arts colleges slowed considerably last year, according to figures compiled by Williams College.

Private gifts to the institutions between July 1, 1990, and June 30, 1991, grew by 2.9 per cent. That was well below the 4.4-per-cent rate of inflation in that same period.

In all, gifts to the 58 colleges that provided information totaled $544.9-million in the last fiscal year, compared with $529.7-million the year before.

Last year's increase fell far short of the 8.4-per-cent growth rate reported for the previous fiscal year for the 48 colleges that provided numbers for both 1988-89 and 1989-90.

Most of the colleges that saw gains last year were also conducting capital campaigns. Hampshire College, in Amherst, Mass., had a 110-per-cent increase, bringing total gifts to $6.5-million. Washington and Lee University, in Lexington, Va., nearly doubled its income from private support, from $10-million to $19.8-million.

Private support dropped sharply at other colleges. Contributions and grants to Wesleyan University in Middletown, Conn., fell by 42.6 per cent, to just over $7-million. Donations at Mills College, in Oakland, Cal., declined 42 per cent, to $6.3-million. Contributions to Swarthmore College, in Pennsylvania, dipped by 31.5 per cent, down to $9.1-million.

In all, 25 of the colleges that participated raised less last year than they did in 1990.

Richard H. Huddleston, director of development at Wesleyan, said the major reason for the decrease was the absence of a single gift of $1-million or more, adding that totals for the previous two years included a $4-million and $5-million gift.

"Big gifts like those make you look good when you get them," he said, "but if you don't get them again, they make you look bad." —JENNIFER MOORE

Fund-Raising Results at 58 Private Colleges

	Fiscal 1990	Fiscal 1991	Change
American International College (Mass.)	$717,000	$936,000*	+30.5%
Amherst College (Mass.)	10,870,000	13,723,000	+26.2
Baldwin-Wallace College (Ohio)	4,296,000	3,553,000	−17.3
Bates College (Me.)	5,389,000	5,141,000	−4.6
Beloit College (Wis.)	7,347,000	7,276,000	−1.0
Berea College (Ky.)	14,645,000*	13,333,000*	−9.0
Bowdoin College (Me.)	14,465,000*	19,494,000	+34.8
Bryn Mawr College (Pa.)	20,425,000*	15,694,000*	−23.2
Bucknell College (Pa.)	9,202,000*	9,926,000	+7.9
Carleton College (Minn.)	7,593,000	5,646,000	−25.6
Claremont McKenna College (Cal.)	11,775,000	10,571,000	−10.2
Colby College (Me.)	5,109,000	6,551,000	+28.2
Colgate University (N.Y.)	8,762,000	12,165,000	+38.8
Colorado College	7,062,000	8,657,000	+22.6
Connecticut College	7,011,000	7,549,000	+7.7
Davidson College (N.C.)	12,638,000*	11,467,000*	−9.3
Earlham College (Ind.)	4,042,000*	6,503,000*	+60.9
Eckerd College (Fla.)	3,325,000	2,704,000	−18.7
Franklin & Marshall College (Pa.)	4,986,000*	6,751,000	+35.4
Goucher College (Md.)	6,227,000	4,712,000*	−24.3
Grinnell College (Iowa)	6,468,000	8,195,000	+26.7
Hamilton College (N.Y.)	7,129,000	8,214,000*	+15.2
Hampshire College (Mass.)	993,000*	2,086,000*	+110.0
Haverford College (Pa.)	5,091,000*	6,236,000*	+22.5
Hobart and William Smith Colleges (N.Y.)	2,938,000	4,353,000	+48.2
Hollins College (Va.)	3,115,000	3,145,000	+1.0
Holy Cross College (Ind.)	6,809,000*	10,206,000*	+50.0
Kenyon College (Ohio)	4,568,000	3,748,000	−18.0
Lafayette College (Pa.)	13,879,000	11,074,000	−20.2
Lake Forest College (Ill.)	$4,834,000*	$4,900,000*	+1.4%
Lawrence University (Wis.)	6,708,000	7,227,000	+7.7
Middlebury College (Vt.)	9,704,000	10,981,000	+13.2
Mills College (Cal.)	10,802,000	6,262,000	−42.0
Mount Holyoke College (Mass.)	13,583,000*	14,044,000*	+3.4
Oberlin College (Ohio)	10,427,000*	12,900,000*	+23.7
Occidental College (Cal.)	11,038,000	8,595,000	−22.1
Pepperdine University (Cal.)	16,450,000	14,207,000	−13.6
Pomona College (Cal.)	21,406,000	17,138,000	−19.9
Randolph-Macon Woman's College (Va.)	5,130,000*	8,841,000*	+72.3
Reed College (Ore.)	6,520,000	7,393,000	+13.4
St. Lawrence University (N.Y.)	4,495,000	5,558,000	+23.6
Scripps College (Cal.)	7,879,000*	6,635,000	−15.8
Simmons College (Mass.)	4,007,000*	3,486,000*	−13.0
Smith College (Mass.)	35,294,000*	31,644,000	−10.3
Swarthmore College (Pa.)	13,342,000*	9,142,000*	−31.5
Sweet Briar College (Va.)	3,236,000	2,655,000	−18.0
Trinity College (Conn.)	9,247,000	8,796,000	−4.9
Union College (N.Y.)	7,930,000	10,959,000*	+38.2
Valparaiso University (Ind.)	5,730,000	5,891,000	+2.8
Vassar College (N.Y.)	13,404,000	14,218,000	+6.1
Wabash College (Ind.)	4,219,000*	6,885,000*	+63.2
Washington and Lee University (Va.)	10,090,000	19,823,000*	+96.5
Wellesley College (Mass.)	29,214,000*	33,665,000*	+15.2
Wells College (N.Y.)	1,690,000	1,929,000	+14.1
Wesleyan University (Conn.)	12,211,000	7,015,000	−42.6
Wheaton College (Ill.)	9,364,000*	9,218,000	−1.6
Wheaton College (Mass.)	4,927,000	4,273,000	−13.3
Williams College (Mass.)	20,006,000*	21,060,000*	+5.3

* Includes money raised in capital campaign.

SOURCE: Williams College Development Office

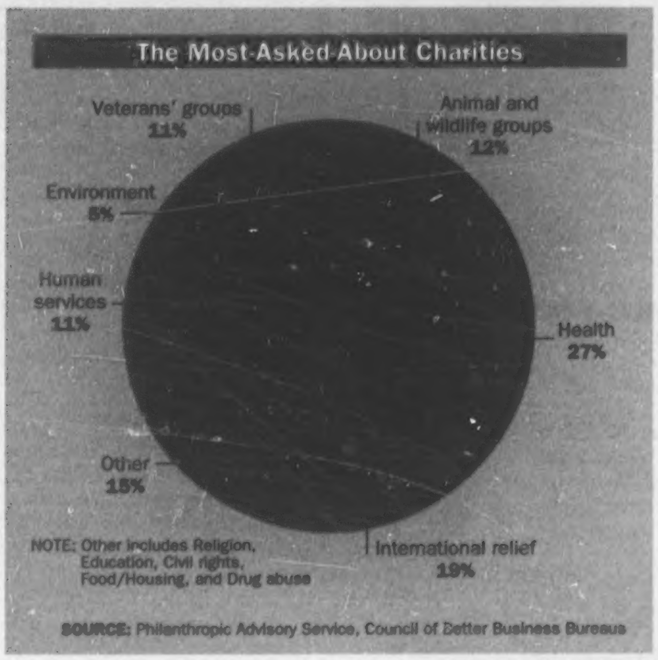
Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

March 1991	9.4%
April	9.6
May	9.6
June	9.6
July	9.6
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	9.7

SOURCE: PG Calc Inc.

Watchdog Groups Says Inquiries Focused on Health Charities



SOURCE: Philanthropic Advisory Service, Council of Better Business Bureaus

CHRONICLE CHART BY JOJO GRAGASIN

People who contacted the Philanthropic Advisory Service of the Council of Better Business Bureaus last year to request information on a charity inquired most often about health groups—about 27 per cent of the time.

That finding and others are based on the watchdog organization's annual review of more than 200 national charities.

The service reported that 23 per cent of the charities included in its most recent index did not comply with the group's standards governing public accountability, use of funds, solicitations and information materials, fund-raising practices, and governance.

Following are the percentage of requests that dealt with areas other than health:

► International-relief groups, 14 per cent.

► Animal and wildlife organizations, 12 per cent.

► Veterans' organizations, 11 per cent.

► Human-services groups, 11 per cent.

► Environment, 5 per cent.

The remaining 15 per cent of requests for information concerned organizations dealing with areas such as religion, civil rights, or drug abuse.

To order a copy of the *Annual Charity Index*, Third Edition, send a check or money order for $9.95 to the Philanthropic Advisory Service, Council of Better Business Bureaus, Department 023, Washington 20042-0023.

—JENNIFER MOORE

WATCHDOG WATCH

Following are summaries of recent reports by the National Charities Information Bureau and the Council of Better Business Bureaus' Philanthropic Advisory Service.

These two private organizations report on whether charities meet standards for fund raising, governance, financial management, and public information. The organizations do not approve or disapprove charities, and urge potential donors to evaluate the importance of variations from the standards. They also note that charities' practices may change at any time.

For organizations that do not meet the standards, information is given only on those standards that are not met. Those organizations meet all the other standards.

Copies of the full reports are available from the Council of Better Business Bureaus, Philanthropic Advisory Service, 4200 Wilson Boulevard, Arlington, Va. 22203, and the National Charities Information Bureau, 19 Union Square West, New York 10003.

BETTER BUSINESS BUREAU

Bankcard Holders of America, 560 Herndon Parkway, Suite 120, Herndon, Va. 22070. Does not meet the standard calling for an organization to provide on request an annual report that includes information about its purposes, current activities, governance, finances, and tax-exempt status, nor the standard calling for an organization to provide on request , complete annual financial statements. Also does not meet the standard calling for an organization to substantiate on request its application of funds, in accordance with donor expectations, to the programs and activities described in solicitations. Because the bureau did not receive any of the information it had requested on the organization's programs, finances, governance, and fund-raising efforts, it was unable to verify compliance with other standards for the use of funds, solicitations and informational materials, fund-raising practices, and governance.

Center for Marine Conservation, 1725 DeSales Street, N.W., Suite 500, Washington 20036. Does not meet the standard calling for fund raising to be conducted without excessive pressure, which includes, but is not limited to, the failure to inform recipients of unordered items that they are under no obligation to pay for or return them. In response the

Continued on Page 28

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Source: Audit Bureau of Circulations. The Chronicle of Philanthropy's average *paid* circulation in the six months ending Dec. 31, 1991, was 24,861, compared with 20,931 in the six months ending Dec. 31, 1990. That's more than double the paid circulation of any other publication in this important field.

Chief College and University Fund Raisers Got 4.7% Pay Increase for 1991-92

Median salaries for chief college fund raisers in academic 1991-92 increased by 4.7 per cent over the previous year.

According to a report by the College and University Personnel Association, for chief development officers the median salary—meaning that half made more and half made less—was $64,000.

The median salary for directors of estate planning increased 8.3 per cent, from $45,150 to $48,900, the report said. Those gains exceeded the rate of inflation, which was 3.1 per cent in 1991.

Although other types of college fund raisers saw increases, not all got enough to keep up with inflation.

The median salary for directors of corporate and foundation relations improved from $41,041 to $43,343, a 4.7-per-cent-gain, but the median salary for directors of annual giving climbed from $35,265 to $36,130, an increase of only 2.4 per cent.

The report was based on information from 1,438 colleges.

Copies of the report are available from the College and University Personnel Association, 1233 20th Street, N.W., Suite 503, Washington 20036. The price is $75 for association members, $175 for non-members who participated in the survey, and $295 for all other non-members.

—BRUCE MILLAR

Median Salaries of College Fund Raisers, 1991-92

	Doctoral	Comprehensive	Baccalaureate	Two-year colleges	All institutions
Chief development officer	$89,310	$70,284	$60,154	$48,298	$64,000
Director, annual giving	42,285	35,517	32,822	35,343	36,130
Director, corporate and foundation relations	51,494	42,000	39,700	40,090	43,343
Coordinator, resource development	37,613	30,000	26,993	36,000	30,725
Director, estate planning	60,000	48,150	41,458	—	48,900
Chief public-relations officer	70,422	46,920	36,943	36,600	43,048
Director, governmental relations	67,500	61,125	—	—	65,840
Chief development and public-relations officer	100,000	72,677	52,198	44,898	71,000
Director, alumni affairs	54,000	38,192	31,049	28,680	36,490
Director, development and alumni affairs	67,930	47,500	42,000	36,953	45,000
Director, special and deferred gifts	56,175	48,000	43,059	—	45,856
Director, church relations	—	32,010	37,480	—	36,000
Director, community services	46,800	40,291	35,084	43,104	42,761
Director, publications	46,000	37,031	30,200	35,000	36,915
Associate director, publications	34,409	29,332	24,305	—	29,000
Manager, printing services	40,571	30,885	23,900	28,417	30,990
Director, information office	51.348	37,836	29,500	34,192	37,745
Director, news bureau	42,786	32,639	25,355	—	33,168

SOURCE: College and University Personnel Association

PEOPLE

Continued from Page 29

ices of Washington County (Hillsboro, Ore.), to be program officers.

Pew Charitable Trusts (Philadelphia): Appointed **Cora Mirikitani,** director of performing arts and film at the Japan Society (New York), to be program officer in culture.

Town Creek Foundation (Oxford, Md.): Appointed **Christine B. Shelton,** assistant to the president, to be executive director.

BOARD MEMBERS AND OFFICERS

Arthritis Health Professions Association (Atlanta): Elected **Carolee Moncur,** professor and co-director of the Division of Physical Therapy at U. of Utah, College of Health (Salt Lake City), to be national president and chairman of the Governing Board.

Arts Midwest (Minneapolis): Elected **Peter Rand,** executive vice-president of the Minnesota Society American Institute of Architects (Minneapolis) and publisher of *Architecture Minnesota* magazine (Minneapolis), to be chair of the Board of Directors.

Board of Church Extension of Disciples of Christ (Indianapolis): Elected **Sally Harney Blowitz,** director of development at U. of California at Los Angeles Medical Center, to be a director of the board.

Chicago Community Trust: Elected **Edgar D. Jannotta,** managing partner of William Blair and Company (Chicago), to be chairman of the Executive Committee.

Children's Hospital of Pittsburgh: Elected **James S. Broadhurst,** chairman and chief executive officer of Eat'n Park Restaurants (Pittsburgh), to be chairman of the Board of Trustees.

Crohn's & Colitis Foundation of America (New York): Elected **Morgan K. Powell,** a Tulsa, Okla., lawyer, to be national president.

Indianapolis Foundation: Elected **Rexford C. Early,** chairman of the Indiana Republican State Central Committee (Indianapolis), to be president of the Board of Trustees.

Irvington Institute for Medical Research (New York): Elected **Elizabeth F. Robbins,** vice-president and director of public relations, advertising, and promotion at Harry N. Abrams, the New York fine-arts book publisher, to be president of the Board of Directors. She succeeds **Lauren Veronis,** who became chairman of the Board of Directors.

National Center for Nonprofit Boards (Washington): Elected **Ellis F. Bullock, Jr.,** executive director of the Jostens Foundation (Minneapolis), to be a member of the Board of Directors.

National Easter Seal Society (Chicago): Elected **Dorothy T. Chambers,** executive director of vocational education for the Birmingham, Ala., Board of Education; **Louis F. Cohen,** a senior member of the law firm Cohen & Malad (Indianapolis); **Buddy Killen,** chief executive officer of the music-publishing company Buddy Killen Enterprises (Nashville); **Ronald W. Leach,** vice-president of the Commercial Banking Department of Marine Midland Bank (Buffalo, N.Y.); **Howard Liszt,** president and chief executive officer of Campbell-Mithun-Esty Advertising (Minneapolis); and **Alvin W. Washington,** vice-president and regional manager at Kaiser Foundation Health Plan (Raleigh, N.C.), to be members of the Board of Directors. The society also named **Richard H. Walker,** vice-president, general manager of the Electronic Imaging Division of Toshiba America Information Systems (Irvine, Cal.), to be an honorary director.

New England Conservatory (Boston): Elected **David W. Scudder,** a partner in the investment firm Wellington Management Company (Boston), to be chairman of the Board of Trustees.

Rutgers U. Foundation (New Brunswick, N.J.): Named **Floyd D. Bragg,** former chairman of the board of the Prudential Foundation and former senior vice-president for corporate public affairs at Prudential Insurance Company of America (Newark), to be chairman of the Board of Overseers.

Studio in a School Association (New York): Elected **Edward P. Harding,** president of Barn Hill Company (New York), a textile and home-furnishings company, to be chairman of the Board of Directors, and **Kathryn McAuliffe,** a painter and vice-president of the board of the Center for African Art (New York), to be president of the Board of Directors. They succeed **Agnes Gund,** the association's founder and past president, who was elected president of the New York's Museum of Modern Art in June, 1991.

Voices for Illinois Children (Chicago): Elected **Roxanne J. Decyk,** vice-president of commercial and industrial sales at Amoco Oil Company (Oak Brook, Ill.), to be chair of the Board of Directors.

CONSULTANTS AND OTHERS

Creative Professional Services (Woburn, Mass.): Appointed **Yvonne D. Novak,** a consultant specializing in accounting and administrative operating systems at Financial Managers (Cambridge, Mass.), to be director of financial information systems.

First Nonprofit Trust (Chicago): Appointed **Philip R. Warth,** president and chief executive officer at Second Harvest National Food Bank (Chicago), to be president and chief executive officer. First Nonprofit Trust offers property and liability protection for nonprofit organizations.

Philanthropy Group (Nashville): Appointed **R. Morrison Southworth,** director of corporate and foundation relations at the Easter Seal Society of Tennessee (Nashville), to be executive director of this consulting firm specializing in foundation and corporate relations and capital campaigns, which he founded.

RTC Group (Arlington, Va.): Appointed **Michael N. Graham,** president and chief executive officer of Reese Communications Companies (Arlington, Va.), to be president and chief executive officer; **Steele Hays,** vice-president of Targeted Communications Corporation (Reston, Va.), to be senior vice-president and director of client services; **Chrystal Kern,** vice-president of finance at U.S. Golf Properties (Manassas, Va.), to be chief financial officer; and **Jeffrey D. Ross,** vice-president of client services at Reese Communications Companies (Arlington, Va.), to be senior vice-president and chief operating officer. Reese Communications Companies and Targeted Communications Corporation recently merged to form the RTC Group, a direct-response and database management company.

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OPINION

Commentary and Letters

The High Costs of Non-Profit Hyperbole

By JERRY McCOY

CAN ONE CHANGE IN THE TAX CODE lead to worldwide famine, global warming, destruction of the rain forests and other similar disasters? To listen to some charity officials testifying at a recent Internal Revenue Service hearing on a proposal to change the way multinational companies deduct their charitable contributions, the answer seems to be Yes.

Such hyperbole has come to be standard operating procedure for charities trying to protest changes in federal policies that affect philanthropy. With Congress poised to pass an election-year tax bill, it's almost inevitable that 1992 will be filled with non-profit leaders complaining that various tax proposals could reduce the incentive to give and therefore cause social harm on a massive scale.

Some tax proposals now under consideration could indeed cause trouble for many charitable groups, but if non-profits scream loudly about the harm of just about every tax provision that could possibly affect giving, charities risk looking like any other self-serving and unreasonable interest group. Soon Congress may stop listening to all of their arguments, legitimate or not.

MY VIEW

Some members of Congress seem to be growing increasingly suspicious of the sophisticated financial arrangements between donors and charities.

It's more important than ever that non-profits appear credible on Capitol Hill because some members of Congress seem to be growing increasingly suspicious of the sophisticated financial arrangements between donors and charities.

The mounting skepticism about certain types of planned giving—arrangements that provide donors with tax or financial incentives in exchange for a gift—has become evident during Capitol Hill discussions about a bill that would require trustees of charitable remainder trusts to notify all the beneficiaries of their interest in the trusts. Under a remainder trust, a charity receives the trust's assets, but only after the death of another beneficiary, who receives part or all of the income from the trust while he or she is alive. Among other things, trustees would have to send beneficiaries copies of the annual interest earnings of the trust. More important, the legislation would require executors of estates that include charitable-trust bequests to notify the beneficiaries of those trusts so that they would have time to express their concerns during probate proceedings leading to the distribution of the trust's assets.

The legislation, which is being pushed by Rep. Sam Gibbons, Democrat of Florida, is an anomaly: Its enactment is sought by a single charitable organization acting on its own. Even though many in the non-profit world think the measure is a bad idea, it would be better if they kept quiet about their opposition.

The Shriners Hospitals for Crippled Children, which for years has been involved in a bitter court battle over its interest in a trust left by a Wyoming woman, is leading the fight for passage of the bill. The Shriners contend that the executor of the estate failed to notify the charity when it

LETTERS

The Real Issue in the IRS's Bowl-Game Ruling

TO THE EDITOR:

When I saw the title of Leslie Lenkowsky's opinion piece "Why Non-Profits Should Welcome IRS's Bowl Ruling" (January 14), I thought "Ah, a voice of reason!" and read the essay eagerly. I certainly agree with Mr. Lenkowsky's conclusion—that non-profits should voluntarily exercise more informed restraint when negotiating for corporate support—but I would like to elaborate on the arguments offered.

In the IRS ruling at issue, corporate sponsorships of certain college football bowl games were held to be advertisements (and hence taxable) rather than charitable contributions. In these instances the corporations' names and logos were given high visibility by the colleges as part of the sponsorship arrangement. Mr. Lenkowsky stresses that non-profits, by failing to distinguish more forthrightly between what is a contribution and what amounts to an advertisement, appear to flout IRS regulations and hence endanger their reputations.

Credibility is at issue but I think the reasons go deeper than distinguishing a gift from an ad. The root problem seems to be the failure of many non-profits to remember why our country supports a non-profit sector.

One reason, I thought, was to protect certain activities from the pressures of the marketplace, thus encouraging decision making on motives higher than the quest for profit. Without the pressures of the marketplace it is assumed that colleges will be encouraged to focus on quality education; museums will collect and exhibit based on scholarship, not on the explicit or implied wishes of sponsors; hospitals will serve first and foremost the good of all patients; etc.

Non-profits were well on their way to forgetting this particular justification for their existence when the IRS ruling at issue was handed down. Witness the inordinate amount of attention devoted to revenue-producing activities by many non-profits. If non-profits claim that the emphasis on making money has not affected their objectivity, independence, or quality of service, then one might ask why they need to be sheltered in a non-profit sector. Why not place these organizations in the for-profit world? If, however, non-profits concede that the push to make money has skewed their priorities, then the remedy is not just the need to distinguish more clearly between gifts and advertisements.

Is less harm done when the non-profit tailors its activities in order to attract corporate gifts than when it agrees to advertise for a fee?

I think it is fair to say that reactions of the IRS reflect a general public uneasiness about the drift of many revenue-producing activities of non-profits—activities that appear to contradict a reason used to support the sector. Accordingly, I would argue that the IRS ruling at issue should cause non-profits to examine not merely the difference between contributions and ads but more importantly the basic question of why we maintain a non-profit or "third" sector in our society. In this process they

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USING ASSETS FOR SOCIAL GOOD

More and more foundations move to align their investments with their grant-making goals, but some funds remain skeptical

MARC POKEMPNER, FOR THE CHRONICLE

MacArthur Foundation's William F. McCalpin: Foundations are "looking more toward the question of how to deploy all the resources at their disposal in furtherance of their mission goals."

By STEPHEN G. GREENE

MORE AND MORE FOUNDATIONS are trying to align their investment policies with their grant-making goals.

The most common methods—which a few foundations have used for decades—include lending money to non-profit organizations at subsidized interest rates in the form of "program-related investments," and barring from their endowment portfolios companies whose conduct or commodities they condemn.

In addition, some foundations are now exploring whether they can grubstake small entrepreneurs working in areas that coincide with their own program activities—and still earn a market rate of return.

"Foundations seem to me to be looking more toward the question of how to deploy *all* the resources at their disposal in furtherance of their mission goals—whether grants, PRI's, or their asset base," says William F. McCalpin, a former program officer and treasurer of the Rockefeller Brothers Fund who works now at the John D. and Catherine T. MacArthur Foundation, studying how to link investments to programs. "Can we do things with our assets that are consistent with, and that don't fly in the face of, our program side?"

Indeed, foundations that adopt a policy of what is often called socially responsible, or ethical, investing tend to cite as a justification the potential contradictions arising from not having such a policy.

"As far as I'm concerned, any foundation that wants to take its program goals seriously has to consider its investment policy," says Charles R. Halpern, president of the Nathan Cummings Foundation in New York. Because it supports health programs, he notes, the $277-million foundation holds no stock in tobacco companies. "It seemed incongruous to us to be funding in the health area while also investing in an industry that sells proven carcinogens to people who lack the wisdom to resist," he says.

Coordinating Giving and Investing Policies

"If we are to be socially responsible people in our giving, we should be socially responsible in our investing as well," declares Cora Weiss, president of the Samuel Rubin Foundation in New York, which has about $11-million in assets. "You can't make money from warmaking and give money to peacemaking and call yourselves consistent."

The Rubin Foundation, which supports organizations working on issues of peace and justice, owns no shares of the 200 largest contractors for the Department of Defense, says Ms. Weiss. It also screens out companies that have business interests in South Africa.

Some foundations, like Rubin, established policies on ethical investing more than a dozen years ago. At others, such policies are only now being formed.

The Unity Avenue Foundation in St. Paul, Minn., which was established in 1986 and has about $1-million in assets, took its first step in 1987 by invest-

Continued on Page 36

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JIM HUBBARD

Controversy at United Way

William Aramony (*above*), president of United Way of America, is under attack, but he also received a strong vote of confidence. Story on Page 32.

Democrats Back Tax Break

Democratic members of the House Ways and Means Committee have endorsed a proposal that would make permanent a full tax deduction for gifts of appreciated property. The lawmakers also rejected a proposal to require more reporting of gifts by charities. Story on Page 21.

Boon for Community Funds?

The Internal Revenue Service may loosen rules that govern gifts to community foundations by people who want to control how their money is used. Some observers say that would increase giving, but others warn of abuses. Story on Page 6.

A Deluge of Grant Seekers

Business is booming at the Foundation Center, as more and more fund raisers look for private grants. Story on Page 20.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 9

About Fund Raising

20 The number of fund raisers using the facilities of the Foundation Center rose 24 per cent last year as more non-profits looked for sources of grants to replace lost government funds and individual donations.

21 Key Democratic members of Congress have agreed to extend a full charitable deduction for all gifts of appreciated property and rejected expanded reporting requirements for charities.

25 Non-profits that have cut their budgets for research on potential donors could lose millions in gifts, researchers say.

26 In public television's December fund drives, the number of donors was down, but the average pledge was up.

26 In its recent $1.1-billion capital campaign, Stanford University got help from more than 1,200 alumni and donors to identify people who could make large contributions (Ideas).

26 Farm Aid will hold a concert next month to raise money to help the nation's farmers.

31 A donor's rejection of a request for a gift was a key to Wellesley College's successful capital campaign.

31 Minneapolis's Guthrie Theater has raised $26-million in a capital campaign, believed to be the most ever by a non-profit theater.

31 Update on campaigns for endowments and capital improvements.

8 Recent gifts to non-profit organizations and institutions.

About Managing Non-Profits

32 Facing criticism of salaries and management practices, United Way of America has ordered an investigation. The group's executive committee also gave a vote of confidence to its president, William Aramony.

35 The Boy Scouts of America is under increasing fire for its policy of excluding homosexuals.

39 The IRS is asking non-profits for their reaction to proposed new guidelines on corporate sponsorships (Tax Watch).

35 A watchdog group may split with the National Religious Broadcasters organization.

35 The National Charities Information Bureau has issued a report on 33 environmental groups.

35 The head of the National Association for the Advancement of Colored People is stepping down.

26 An association of non-profits persuaded exhibitors at its annual convention to donate such services as free courses and free graphic-design services to be given away in a drawing (Ideas).

SCOTT HUMBERT, FOR THE CHRONICLE

Booming business at the Foundation Center. 20

About Volunteers

8 Points of Light 685 to 695 were named by the Bush Administration.

26 A volunteer cleanup effort that one of its organizers called "the fund-raising event for the 90's" raised $450,000 (Ideas).

About Corporations

11 The Council on Economic Priorities has released its annual ratings of charitable giving by U.S. businesses.

14 Johnson & Johnson has made a $1.2-million grant to aid Head Start.

8 The Philip Morris Companies have announced a new grant program to fight bigotry on college campuses.

Of Special Interest to Board Members

32 **The United Way of America executive committee gave a resounding vote of confidence to the group's president, William Aramony, who is under fire because of his salary and perquisites.**

35 **After an acrimonious board meeting, the executive director of the NAACP announced plans to retire. But he says the board dispute was not connected to his retirement.**

About Foundations

1 More and more foundations are trying to align their investment policies with their grant-making goals.

37 The sputtering U.S. economy has led some foundations to invest more of their assets overseas.

35 The idea of a common investment fund for foundations has lots of support, but it probably won't pass this year.

6 Possible changes in IRS rules may alter the way community foundations handle gifts from donors who want to control how their money is spent. Some foundations say looser rules could increase giving, but others worry about possible abuses.

8 The Public Welfare Foundation has added a grant program on nutrition and health care.

20 To improve their grant making, some foundations are checking the Foundation Center's information on what other philanthropies are doing.

12 Foundations now have more than $134-billion in assets and make more than $8-billion in grants per year, according to new data from the Foundation Center.

13 Recent grants by foundations, corporations, and other grant makers.

16 Summaries of annual reports from the Camille and Henry Dreyfus, Lloyd A. Fry, Sid W. Richardson, and Southwestern Bell Foundations.

Also in This Issue

35 **Books:** Summaries of recent books on philanthropy, fund raising, and non-profits.

40 **My View:** The executive director of Oxfam America on dangers in the rush to aid Eastern Europe.

41 **Opinion:** Leslie Lenkowsky on what philanthropy should do about the social-welfare system.

40 **Letters** on Japanese charitable giving, non-profit advocacy, and amateur fund raisers.

38 **People:** Appointments and promotions in the non-profit world.

43 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

Corrections

▸ An article on giving to liberal-arts colleges (February 11) included an incorrect figure for total gifts to Hampshire College in Massachusetts. The institution received a total of $2.1-million in private support during fiscal year 1991.

▸ A table showing interest rates for computing charitable deductions for planned gifts (February 11) gave an incorrect figure for the month of February. The rate issued by the Internal Revenue Service was 7.6 per cent.

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Financial Data and Rankings of Foundations

The Foundation Center next month will publish the 14th edition of *The Foundation Directory*, which gives information on 8,700 foundations, a 15-per-cent increase over the number in the previous edition.

To be listed, a foundation must have assets of at least $1-million or make at least $100,000 in grants each year.

The center estimates that funds listed in the directory provide 93 per cent of all the grant dollars awarded by U.S. foundations. The foundations have $134-billion in assets and grant more than $8-billion per year.

Copies are available from the Foundation Center, 79 Fifth Avenue, Department ZQ, New York 10003; (212) 620-4230 or (800) 424-9836. The price is $150 in paperback and $175 in hardcover, plus $4.50 shipping and handling. Discounts for orders of multiple copies are available.

Financial Data by Type of Foundation

(Dollar figures in thousands)

	Number of Foundations		Assets		Gifts Received		Total Giving		
Foundation Type	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Loans
Independent	7,277	83.4%	$114,965,391	85.7%	$2,635,451	58.9%	$6,056,977	75.3%	$113,518
Company-sponsored	1,010	11.6%	5,739,647	4.3%	1,151,887	25.8%	1,416,832	17.6%	11,606
Community	233	2.7%	6,591,744	4.9%	605,940	13.6%	492,658	6.1%	1,347
Operating	209	2.4%	6,894,661	5.1%	77,970	1.7%	80,135	1.0%	4,949
Total	8,729	100.0%	$134,191,443	100.0%	$4,471,249	100.0%	$8,046,602	100.0%	$131,420

Financial Data by Region

(Dollar figures in thousands)

	Number of Foundations		Assets		Gifts Received		Total Giving	
Region	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Middle Atlantic	2,360	27.0%	$46,412,209	34.6%	$1,161,016	26.0%	$2,791,300	34.7%
East North Central	1,575	18.0%	26,803,646	20.0%	790,944	17.7%	1,545,586	19.2%
Pacific	1,046	12.0%	17,738,054	13.2%	790,741	17.7%	938,998	11.7%
West South Central	668	7.7%	10,608,066	7.9%	233,538	5.2%	601,482	7.5%
South Atlantic	1,271	14.6%	15,012,301	11.2%	592,430	13.2%	900,792	11.2%
West North Central	584	6.7%	6,765,506	5.0%	342,912	7.7%	528,163	6.6%
New England	712	8.2%	5,982,538	4.5%	356,292	8.0%	438,361	5.4%
Mountain	265	3.0%	3,056,473	2.3%	89,298	2.0%	172,029	2.1%
East South Central	246	2.8%	1,803,244	1.3%	111,716	2.5%	128,542	1.6%
Puerto Rico	2	0.0%	9,405	0.0%	2,362	0.1%	1,349	0.0%
Total	8,729	100.0%	$134,191,443	100.0%	$4,471,249	100.0%	$8,046,602	100.0%

100 Largest Foundations

Rank	Assets	Total giving	Fiscal date	Previous rank
1. Ford Foundation	$5,460,896,289	$227,828,194	9/30/90	1
2. J. Paul Getty Trust*	4,816,152,579	9,086,401	6/30/90	3
3. Lilly Endowment	3,543,648,222	107,930,515	12/31/90	4
4. W. K. Kellogg Foundation	3,509,461,224	121,974,324	8/31/90	2
5. John D. and Catherine T. MacArthur Foundation	3,077,581,000	115,675,981	12/31/90	6
6. Pew Charitable Trusts	3,076,891,792	155,113,636	12/31/90	5
7. Robert Wood Johnson Foundation	2,914,183,000	112,022,743	12/31/90	7
8. Rockefeller Foundation	1,971,970,559	84,723,570	12/31/90	8
9. Andrew W. Mellon Foundation	1,617,441,434	74,467,370	12/31/90	9
10. Kresge Foundation	1,214,208,974	48,792,000	12/31/90	10
11. Annenberg Foundation	1,196,093,214	59,559,779	6/30/90	—
12. Duke Endowment	1,054,676,939	44,719,934	12/31/90	11
13. Robert W. Woodruff Foundation	995,893,546	26,448,425	12/31/90	18
14. Charles Stewart Mott Foundation	929,505,650	33,565,932	12/31/90	12
15. McKnight Foundation	906,355,455	38,266,160	12/31/90	13
16. Carnegie Corporation of New York	845,268,801	46,804,378	9/30/90	14
17. New York Community Trust	842,116,981	56,514,099	12/31/90	16
18. Richard King Mellon Foundation	836,121,061	31,885,307	12/31/90	15
19. DeWitt Wallace–Reader's Digest Fund	761,826,102	42,757,609	12/31/90	19
20. W. M. Keck Foundation	725,013,250	45,110,500	12/31/90	17
21. Houston Endowment	690,962,560	28,958,427	12/31/90	23
22. Harry and Jeanette Weinberg Foundation	639,935,746	1,888,500	2/28/91	27
23. Howard Heinz Endowment	622,403,561	21,932,562	12/31/90	38
24. Starr Foundation	616,002,007	30,804,045	12/31/90	35
25. Alfred P. Sloan Foundation	612,221,359	21,199,731	12/31/90	22
26. Annie E. Casey Foundation	604,689,114	18,664,394	12/31/90	25
27. Freedom Forum	592,973,755	15,235,077	12/31/90	28
28. Lila Wallace–Reader's Digest Fund	577,279,421	32,232,027	12/31/90	30
29. Cleveland Foundation	573,012,252	30,487,607	12/31/90	26
30. William and Flora Hewlett Foundation	559,792,927	39,126,515	12/31/90	20
31. Knight Foundation	522,072,552	23,154,361	12/31/90	24
32. J. E. and L. E. Mabee Foundation	513,588,666	20,812,422	8/31/90	31
33. James Irvine Foundation	506,745,921	21,715,791	12/31/90	29
34. William Penn Foundation	492,467,945	30,012,828	12/31/90	34
35. Marin Community Foundation	482,431,000	21,545,000	6/30/90	36
36. Meadows Foundation	472,116,272	18,276,380	12/31/90	33
37. Robert R. McCormick Tribune Foundation	470,292,080	23,008,722	12/31/90	21
38. Brown Foundation	463,494,114	18,665,925	6/30/90	41
39. Weingart Foundation	458,342,864	22,893,357	6/30/91	43
40. Conrad N. Hilton Foundation	428,692,519	14,058,895	2/28/91	32
41. Hall Family Foundations	407,362,996	8,405,595	12/31/90	50
42. Moody Foundation	400,587,000	28,413,723	12/31/90	44
43. Samuel Roberts Noble Foundation	386,415,611	5,477,074	10/31/90	47
44. Edna McConnell Clark Foundation	384,881,000	19,872,230	9/30/90	45
45. Arthur S. DeMoss Foundation	384,297,398	17,660,892	12/31/89	51
46. Bush Foundation	374,239,000	18,934,471	11/30/90	40
47. Lynde and Harry Bradley Foundation	370,691,611	25,535,549	7/31/90	48
48. Henry J. Kaiser Family Foundation	366,704,733	17,374,376	12/31/90	42
49. Henry Luce Foundation	363,267,716	13,065,645	12/31/90	39
50. Joseph B. Whitehead Foundation	353,487,542	11,621,577	12/31/90	55
51. Ahmanson Foundation	$338,530,000	$20,505,071	10/31/90	37
52. Commonwealth Fund	324,561,685	11,405,028	6/30/90	53
53. Joyce Foundation	319,313,724	13,883,144	12/31/90	46
54. Surdna Foundation	318,279,856	16,884,753	6/30/90	54
55. George Gund Foundation	310,698,007	11,996,651	12/31/90	66
56. Horace W. Goldsmith Foundation	304,734,258	12,868,544	12/31/90	57
57. Vira I. Heinz Endowment	298,736,446	12,561,786	12/31/90	90
58. William Randolph Hearst Foundation	297,339,230	11,912,200	12/31/90	56
59. William K. Warren Foundation	297,295,926	18,359,249	12/31/90	61
60. Chicago Community Trust	295,928,031	31,383,963	9/30/90	52
61. Whitaker Foundation	293,966,324	15,213,819	12/31/90	58
62. Longwood Foundation	285,709,512	13,812,630	9/30/90	49
63. Skillman Foundation	282,546,508	12,621,740	12/31/90	73
64. Meyer Memorial Trust	278,572,830	14,975,432	3/31/91	59
65. Rockefeller Brothers Fund	275,262,103	11,140,601	12/31/90	76
66. Smith Richardson Foundation	265,650,040	7,861,150	12/31/90	71
67. Robert A. Welch Foundation	259,915,425	8,796,004	8/31/90	60
68. F. W. Olin Foundation	254,411,330	12,804,500	12/31/90	63
69. El Pomar Foundation	252,724,960	8,479,720	12/31/90	69
70. Lettie Pate Whitehead Foundation	250,359,516	9,000,000	12/31/90	85
71. Kate B. Reynolds Charitable Trust	249,973,101	7,444,220	8/31/90	64
72. John A. Hartford Foundation	247,916,866	9,597,944	12/31/90	65
73. Champlin Foundation	246,684,910	13,060,320	12/31/90	74
74. Boston Foundation	246,660,847	15,128,113	6/30/90	83
75. Public Welfare Foundation	244,146,780	15,387,432	10/31/90	77
76. Northwest Area Foundation	237,574,603	10,957,123	2/28/91	81
77. Alcoa Foundation	234,637,554	12,312,165	12/31/90	68
78. Clark Foundation	230,832,564	7,356,086	6/30/90	84
79. Sid W. Richardson Foundation	229,400,000	11,156,531	12/31/90	70
80. McCune Foundation	228,293,476	15,289,998	9/30/90	67
81. David and Lucile Packard Foundation	227,512,098	23,632,567	12/31/90	72
82. William R. Kenan, Jr. Charitable Trust	227,387,656	13,242,310	12/31/90	78
83. Colorado Trust	226,443,779	9,333,823	12/31/90	79
84. San Francisco Foundation	226,099,459	21,380,363	6/30/91	98
85. Herbert H. and Grace A. Dow Foundation	224,346,234	7,876,721	12/31/90	62
86. Peter Kiewit Foundation	219,831,687	9,581,796	6/30/90	95
87. Connelly Foundation	219,422,011	9,870,309	12/31/90	96
88. Spencer Foundation	217,547,574	8,580,767	3/31/91	82
89. Z. Smith Reynolds Foundation	213,501,354	12,862,905	12/31/90	88
90. M. J. Murdock Charitable Trust	213,451,475	8,664,842	12/31/90	87
91. T. L. L. Temple Foundation	212,143,677	9,558,675	11/30/90	75
92. Andersen Foundation	209,995,194	11,052,982	12/31/90	80
93. Sarah Scaife Foundation	205,517,340	9,091,500	12/31/90	92
94. Morris and Gwendolyn Cafritz Foundation	205,516,893	9,465,326	4/30/90	86
95. Communities Foundation of Texas	205,225,229	24,571,960	6/30/90	—
96. James Graham Brown Foundation	196,290,920	8,803,053	12/31/90	93
97. Sherman Fairchild Foundation	195,410,048	12,139,583	12/31/90	100
98. Nathan Cummings Foundation	188,833,527	7,843,863	12/31/90	—
99. Koret Foundation	188,154,054	11,664,736	12/31/90	—
100. Lucille P. Markey Charitable Trust	186,577,896	41,979,788	6/30/91	89

* J. Paul Getty Trust is an operating foundation that spent $227.38-million on its own programs. Total giving includes only grants and grant-related expenditures.

SOURCE: Foundation Center

Non-Profits Warned They Could Lose Gifts by Cutting Research on Donors

By HOLLY HALL

ORLANDO, FLA.

Non-profits that have slashed their budgets for research on potential donors could lose millions of dollars' worth of future gifts, said speakers at a meeting of the American Prospect Research Association here.

Conference Notebook

Noting that the recession had caused many non-profits to reduce their spending on such work, conference speakers urged researchers to work harder to persuade leaders at their institutions that it doesn't make sense to obtain less information on potential donors at a time when fund-raising competition has intensified.

"Our list of possible major donors is probably the same as every other non-profit in Indiana," said Kathy K. Wilson, director of prospect research at the Indiana University Foundation in Bloomington and president of the association. "It's good prospect research that's going to allow our institution to secure the major gift instead of a token gift or no gift. We're talking about the difference between a $1,000 annual gift and a gift of $100,000."

Researchers here said they were worried about how they could stretch their shrinking budgets to pay for searches on computer data bases and other costly information-gathering resources, as well as learning how to use those resources in cheaper ways.

Peter Buchanan, president of the Council for Advancement and Support of Education, said he believed many prospect researchers were also frustrated that they often did not get to make decisions about how their research would be used and were not always told how their efforts helped or hindered attempts to win big donations.

Prospect researchers "should be part of the advancement team," Mr. Buchanan said, but isolation from other development officials is common, and there is "all too much of it."

■

Many non-profit executives are simply chopping their prospect-research budgets instead of carefully deliberating over which expenses are essential to bringing in large gifts, said David M. Thompson, a partner at Thompson and Pendel Associates, a consulting firm in Arlington, Va.

Major donors "die and you have to replace them, and that takes time and talent," he said. "A lot of what is being learned about good prospect research could be lost" as non-profits slice their fund-raising budgets, Mr. Thompson warned.

To prove that they are essential players in fund-raising drives, prospect researchers "must work harder to deliver more prospects and leads," even though their budgets may be tighter than ever, said Stephen T. Ast, a partner at Ast/Bryant, an executive-search firm in New Canaan, Conn., and Santa Monica, Cal.

Researchers, he suggested, can protect their jobs and increase their influence with their bosses by taking the following steps:

- ► Volunteering to work on telephone or direct-mail fund-raising campaigns.
- ► Accompanying development officers on fund-raising calls.
- ► Determining which organizations compete with their own institutions for donations and volunteers.
- ► Getting involved in decision making about how prospects are to be monitored and how records about their backgrounds and giving histories are to be maintained.
- ► Speaking out about the ethical considerations involved in obtaining financial and other information on prospective donors.
- ► Demonstrating that they've "done their homework" by adding recommendations, such as the best way to approach prospective donors, to their research findings.

Mr. Thompson urged prospect researchers to keep detailed logs on how much time it takes them to prepare research profiles and to track the outcomes of their research, so that they can explain to top non-profit officials why prospect research is valuable.

Mr. Thompson said prospect researchers could accomplish the most when they:

- ► Report to the highest development official in the institution.
- ► Attend training sessions and professional meetings to sharpen their skills.
- ► Sit in on meetings of board fund-raising committees or other meetings where solicitation strategies are discussed.
- ► Take the initiative in identifying, conducting research on, and recommending the best solicitation strategies for donors.
- ► Have control over the content of and access to research files on prospective donors.
- ► Have authority to communicate directly with chief executive officers, who increasingly need ideas about who to approach for major gifts.

■

The vast majority of prospect researchers make less than $34,000 a year, according to a report released at the meeting. In a survey of 682 of the association's 1,400 members, 76 per cent said they made less than $35,000 a year, with 38.3 per cent of those making under $25,000. Nearly 14 per cent of the researchers said their salary was between $35,000 and $44,999, about 5 per cent earned between $45,000 and $54,999, and 4.2 per cent made $55,000 or more.

The survey was conducted by Dwight F. Burlingame, director of academic programs and research at the Indiana University Center on Philanthropy in Indianapolis, and Ms. Wilson of the Indiana University Foundation in Bloomington.

More than 80 per cent of the prospect researchers were female, but men made more on average than the women did. Most of the women held jobs that paid under $35,000, while most of the men held positions paying over $35,000.

About 97 per cent of the prospect researchers worked for non-profits, particularly colleges and universities (67.1 per cent). Only 2.9 per cent worked at for-profit companies—consulting firms and organizations that sell computer data bases, research directories, and other products.

Most respondents had duties other than research, with only about 17 per cent reporting that prospect research took up 100 per cent of their working hours. Thirty per cent of the researchers spent less than a quarter of their time finding out about prospects. Other duties cited frequently were: updating prospect records, helping fund raisers keep track of tasks involved in moving prospects through stages in the solicitation process, supervising staff members, and handling computer services for the development office.

For a copy of the survey findings, contact the prospect-research association, 1730 North Lynn Street, Suite 502, Arlington, Va. 22209; (703) 525-1191.

■

Prospect researchers and top development officials should prepare themselves for the day when donors will ask to see what information an institution has gathered on them for fund-raising purposes, said Susan Cronin Ruderman, associate director of development research at Harvard University.

A universal problem among prospect researchers, Ms. Ruderman noted, is the inclusion of too much personal information in the reports written by staff members and by volunteers who make fund-raising visits.

Prospect researchers should question the inclusion of certain types of information as they compile and maintain their research files. Medical records, rumors, personality problems, touchy relationships with certain staff members, sexual orientation, divorce or marital problems, and treatment for drug abuse or psychiatric disorders are usually inappropriate for files on donors, she said.

When such information is relevant to the solicitation of a donor, the facts can be conveyed orally, said Ms. Ruderman.

Some information on a potential donor, such as detailed analyses of financial assets, may be relevant information for a development officer, but that same information could upset a volunteer who may not understand why a non-profit collects such data, Ms. Ruderman said. One solution is to develop research files that have separate sections so that pages of sensitive information can easily be removed or added, depending on who uses the file, she said.

Noting that many institutions have had problems in keeping control of their records, she suggested placing the logo or seal of an institution on every page in a research file so that fund raisers would be less likely to take papers with them when they move on to jobs at other non-profit organizations, said Ms. Ruderman.

Several prospect researchers complained that many development officers kept research files out for indefinite periods and did not add information gathered in fund-raising calls. Some researchers said their organizations would not give expense checks for solicitation calls to development officers until they had updated and returned the donor files.

Prospect Researchers: a Statistical Profile

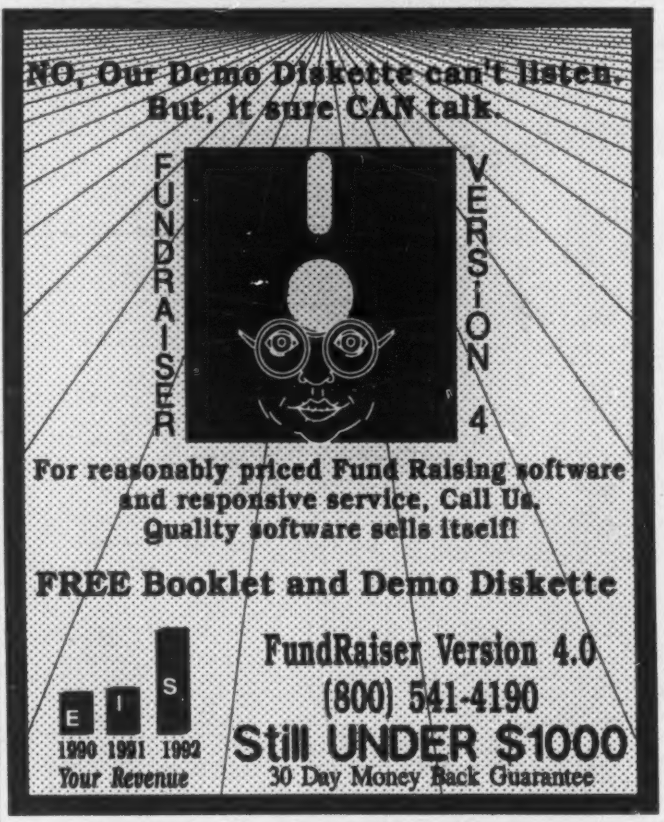
Salaries

	Men	Women	All
$24,999 and under	23.8%	41.8%	38.3%
$25,000-34,999	30.2	40.1	38.2
$35,000-44,999	18.3	12.6	13.8
$45,000-54,999	16.7	3.0	5.5
$55,000 and over	11.1	2.6	4.2

Where They Work	
Education	67.1%
Private	41.4
Public	24.5
Hospital	7.8
Arts and culture	6.6
Service organization	3.4
For-profit	2.9
Religious organization	2.1
Other	10.0

Time Devoted to Research	
100%	16.6%
75-99%	18.0
50-74%	17.4
25-49%	18.0
0-24%	30.1

SOURCE: American Prospect Research Association and Indiana University Center on Philanthropy



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December Donations to Public TV Rise 2.5%, but Donors Are Fewer

Contributions to public-television stations during the on-air pledge drives in December increased by 2.5 per cent over the previous year.

A Public Broadcasting Service report based on data from 87 stations says $20.5-million was pledged. The increase was not enough to keep pace with the rate of inflation, which was 3.1 per cent.

Although money totals rose, the number of donors dipped by 2,679. But the average pledge rose from $67 to $69.30.

Individual stations had very mixed results.

KQED in San Francisco saw pledges plunge 39.4 per cent, from $1.1-million to $687,786. Carol Porter, director of membership, said several factors contributed to the decline. She said a substantial percentage of the station's viewers were already members, so the pool of new donors was not as large as at other public-television stations. The weak economy played a role as well, she said, causing many people who make small donations—between $35 and $50—to postpone their gifts.

But a number of stations had increases of over 20 per cent. Pledges to KTEH in San Jose jumped 33 per cent, to $503,547; those to Chicago station WTTW rose almost 25 per cent, to $1.1-million; and pledges to KERA in Dallas rose 24 per cent, to $643,586.

In Detroit, WTVS set records for all three of its pledge drives last year. Donations rose by 17.8 per cent in December, to $1.1-million. Diane Bliss, vice-president for station development, said the station's success was due in part to its effort to make station breaks more interesting by holding drawings for prizes related to the shows that were playing—giving away opera tickets during a musical performance, for example.

Concerned that the recession might cause more people to renege on their pledges, the station also encouraged people to charge their donations on their credit cards, Ms. Bliss said. By offering donors who charged their contributions an extra gift of a sports watch, the station increased the proportion of charged pledges from 31 per cent to 45 per cent.

—HOLLY HALL AND JENNIFER MOORE

Results of Public TV Fund Drives

	Amount	Percent change
Dollars pledged	$20,470,166	+2.49%
Number of pledges	295,405	−0.90
Average pledge	$69.30	+3.42
Break minutes	141,504	+8.62
Dollars-per-minute	$144.66	−5.64

Top 12 Stations

	1990 pledges	1991 pledges	Percent change
WNET (New York)	$1,537,569	$1,438,572	−7.09%
WTVS (Detroit)	971,266	1,144,576	+17.84
WTTW (Chicago)	882,292	1,101,789	+24.88
WNED (Buffalo)	1,067,797	1,047,219	+1.97
KCTS (Seattle)	1,151,785	1,020,078	−11.44
WHYY (Philadelphia)	1,002,524	926,414	−7.59
KCET (Los Angeles)	981,761	837,617	−14.68
KQED (San Francisco)	1,134,922	687,786	−39.40
KERA (Dallas)	519,108	643,586	+23.99
WETA (Washington)	598,015	608,065	+1.68
WGBH (Boston)	677,941	555,199	−18.11
KTEH (San Jose)	378,469	503,547	+33.05

SOURCE: Public Broadcasting System, Chronicle reporting

Farm Aid Plans Concert in Texas

The country singer Willie Nelson has announced that Farm Aid, the group he helped found in 1985, will hold its fifth concert to raise money for the nation's farmers on March 14.

Some of the costs for the event will be covered by the Dallas Cowboys football team, which is holding the concert at its Irving, Tex., stadium. Organizers of the concert expect 30 to 60 acts, according to a spokesman for the group, including such country and rock music stars as John Mellencamp and Neil Young, Farm Aid's other founders.

"These are tough economic times for Americans," said Mr. Nelson, who is president of the Cambridge, Mass., group and oversees its grant making. "It is time to get the economy back on track, and it starts in the heartland. Farmers and consumers need to work together to keep family farmers on the land."

Since it was founded, Farm Aid has donated more than $10-million to over 100 advocacy groups, hot lines, churches, service agencies, and other non-profits that serve farmers and their families.

—ELIZABETH GREENE

IDEAS

THE BOSTON
SERVE-A-THON
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CITY YEAR FOR A DAY
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CITY YEAR

Volunteer Cleanup Project Raises $450,000 for Boston Group

LAST OCTOBER, 4,000 people in Boston spent a total of 25,000 hours cleaning up local parks, painting and renovating old buildings for non-profits, and generally lending a hand to do whatever was needed at 125 organizations in the city *(above)*.

The day was planned by City Year, a non-profit program based on the Peace Corps, which encourages young adults—ages 17 to 22—to spend nine months working in community-service jobs. Volunteers, who collected pledges to "pay" for the hours they worked, raised a total of $450,000.

The "Boston Serve-A-Thon" has grown rapidly since it began in 1989 with 507 participants and raised $38,000.

"I think it's really the fund-raising event for the 90's," says Eric Schwarz, a vice-president of City Year. "It engages people in the community, in addition to raising money for a worthwhile cause."

Mr. Schwarz says volunteers are recruited by "captains" who help publicize the event among their friends and co-workers. The group also runs public-service announcements in newspapers and on the radio. The total cost of the event, including staffing and printing expenses, was about $100,000 last year.

For more information, contact Pam Gerber, Associate Director of Development, City Year, 11 Stillings Street, Boston 02210; (617) 451-0699.

Soliciting Advice From Donors Helps Stanford Identify Prospects

ONE OF THE KEYS to Stanford University's success in completing a $1.1-billion capital campaign was its ability to accurately identify potential donors who were wealthy enough to make substantial contributions.

Stanford did this by asking for help from its alumni and current donors. The university spent a year and a half holding "screening sessions" across the country, at which volunteers met to review lists of names and estimate how much could be contributed by each person they recognized. Over 1,200 volunteers participated in the program, and all information was kept confidential. The effort produced a list of 30,000 prospects, who had not previously been identified, with the potential for giving $10,000 or more. Prior to the program, the university had out-of-date lists of about 5,000 people who presumably could give that much.

Several colleges have started similar programs, using Stanford's model. "It's a way of collecting accurate information about potential donors, while also making people aware of our needs in a way that's non-threatening for them," says Teri Giustina, assistant director of development at the University of Oregon Foundation, which started collecting information on potential donors late last year.

"We're involving alumni without actually asking them to go out and solicit gifts."

For more information, contact Linda J. Marks, Development Officer, Graduate School of Business, Stanford University, Stanford, Cal. 94305-5015.

Conference Exhibitors Donate Free Services to Non-Profits

THE Washington Council of Agencies, a non-profit group that provides services to charities in the metropolitan Washington area, recently took the topic of its conference, "The Dynamics of Collaboration," and applied it to the relationship between conference participants and the organizations that set up exhibits at the meeting.

Ann Mitchell, director of development and community relations for the council, decided to hold a drawing and asked exhibitors to donate items that would be useful to non-profit leaders.

Prizes included free tuition for continuing-education courses at Georgetown and George Washington Universities (valued between $350 and $600 each), free tuition for workshops held by the Support Center of Washington (valued at about $250), and graphic-design and production services from Wordscape (valued at $1,000).

"We tried to have a variety of things the non-profit community really needs but probably has the least amount of money to spend on them," says Ms. Mitchell.

For more information, contact Ann Mitchell, Director of Development and Community Relations, Washington Council of Agencies, 1001 Connecticut Avenue, N.W., Washington 20036; (202) 457-0540.

—JENNIFER MOORE

Wellesley College Completes $167-Million Capital Drive

Few fund raisers would credit a donor's decision to turn down a request for a contribution as one of the factors that led to the successful completion of a large capital campaign.

But that's one of the reasons Peter R. Ramsey gives when describing Wellesley College's $167-million capital campaign—believed to be the largest ever conducted by a U.S. college without a graduate program. The amount collected reflects only cash contributions and pledges.

Sought $5-Million Gift

Mr. Ramsey, vice-president for resources at Wellesley, says the college contacted one of its former students, Elisabeth Kaiser Davis, and her husband, Stanton Davis, and asked them to give $5-million through their educational foundation to the campaign.

The college had already received one $5-million gift from trustee Kathryn Wasserman Davis and her husband, Shelby Cullom Davis, and was hoping to get a second of the same size to make up the two largest gifts with which to start the campaign. The Davis couples are not related to each other.

Elisabeth and Stanton Davis, who own a New England–based supermarket chain called Shaw's, responded to Wellesley's request by saying they liked the proposal, except for one thing—they preferred to give $10-million.

Other Large Campaigns

Those two gifts helped the college, located in Wellesley, Mass., complete what is thought to be the largest capital campaign by a liberal-arts college.

Although such statistics are not kept by educational organizations, other large capital campaigns by such colleges have included a $163.2-million campaign by Smith College in Northampton, Mass., a $157-million campaign by Pomona College in Claremont, Cal., and a $139.4-million campaign by Mount Holyoke College in South Hadley, Mass.

Davidson College in Davidson, N.C., and Williams College in Williamstown, Mass., each are in the process of conducting $150-million campaigns.

Wellesley's fund-raising success, as well as that of the two other all-women's colleges that top the list of capital-campaign results, Smith and Mount Holyoke, is being cited by some observers as proof that women now have the ability and desire to make substantial financial contributions to their alma maters.

"Our alumnae have challenged traditional assumptions about the relationship of women to fund raising and philanthropy," says Estelle Newman Tanner, a self-employed oral historian who is a Wellesley trustee and co-chairman of the campaign.

Mr. Ramsey notes that figures published by the Council for Aid to Education show that Wellesley's alumnae giving is the highest per capita of any college in the country.

81% of Alumnae Gave

Of the college's 22,500 living alumnae, 81 per cent contributed to the campaign. Mr. Ramsey says Wellesley is able to create "a sense of ownership" among its former students by involving almost one-fourth of them in over 8,500 volunteer jobs, from fund raising to career counseling to admissions work.

Volunteer leaders at 47 campaign sites in the United States, Asia, and England helped organize local efforts to contact potential donors. Mr. Ramsey says volunteers made suggestions in each location as to how the requests should be presented. For example, volunteers in Boston felt a three- to four-page letter that contained a lot of background information would be most effective, while volunteers in Ohio recommended a one-page letter that would get to the main points of the campaign quickly. In other locations, a two-page letter was used.

Wellesley was also successful in raising money from corporations and foundations. The former contributed $5-million directly and an additional $4-million through employee matching-gift programs, while foundations gave $11-million.

"Despite the move by most corporations to give more money to K-12 education, we did well because we were selective, going only to the 100 corporations we felt had the best understanding about the mission of single-sex education," says Mr. Ramsey. Corporations gave money for endowments for financial aid, technology, and a new arts-and-sciences building.

Another unusual aspect of the campaign is that most of the pledges have already been fulfilled, says Mr. Ramsey. "It's a real privilege in this economy to have $152-million already paid by donors."

—JENNIFER MOORE

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

March 1991	9.4%
April	9.6
May	9.6
June	9.6
July	9.6
August	9.8
September	9.6
October~	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6

SOURCE: PG Calc Inc.

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Boys Town of Missouri	Nov. 1990	Jan. 1993	$3,500,000	$2,100,000
Boys & Girls Clubs of America (N.Y.)	Jan. 1992	Jan. 1995	37,350,000	0
Children's National Medical Center (D.C.)	Winter 1991	Winter 1998	40,000,000	7,000,000
Children's Specialized Hospital (N.J.)	Summer 1986	Dec. 1991	15,000,000	15,000,000
Clark U. (Mass.)	Dec. 1986	Dec. 1991	50,000,000	58,800,000
Dallas Baptist U.	Jan. 1990	Jan. 1992	4,200,000	4,200,000
Guthrie Theater (Minn.)	Oct. 1988	Dec. 1991	25,000,000	26,114,345
Hope College (Mich.)	Jan. 1992	June 1994	50,000,000	25,336,185
Kansas State U. Foundation	July 1988	June 1993	100,000,000	94,100,000
Scripps Clinic and Research Foundation (Cal.)	July 1989	June 1993	140,000,000	102,000,000
Soldiers & Sailors Memorial Hospital (N.Y.)	Dec. 1989	Dec. 1991	1,400,000	1,435,501
St. Bonaventure U. (N.Y.)	Nov. 1988	June 1992	25,000,000	24,500,000
U. of Akron (Ohio)	Sept. 1990	Jan. 1992	51,800,000	52,200,000
U. of Florida	Nov. 1986	Dec. 1991	250,000,000	392,600,000
U. of Kentucky, Commonwealth Library	Oct. 1991	May 1992	20,000,000	14,033,193
U. of Northern Colorado	June 1988	June 1992	10,000,000	12,094,081
Wellesley College (Mass.)	July 1986	Jan. 1992	150,000,000	167,200,000

After Slow Start, Guthrie Theater Drive Exceeds Goal

The Guthrie Theater in Minneapolis has completed what is believed to be the largest capital campaign ever by a non-profit theater.

The Guthrie received over $26-million in pledges, surpassing its goal of $25-million. That amount is more than double the size of what had been the largest campaigns by American non-profit theaters. The Old Globe Theatre in San Diego, for example, raised just over $10-million. A campaign for the Center Stage in Baltimore, which is still in progress, has raised $13.5-million so far.

The Guthrie drive, designed to insure the theater's quality and long-term financial stability, sought to increase the size of the acting company and its support staff, renovate the building, and beef up the Guthrie's endowment to help it weather changes in the economy.

If comparisons to other theater campaigns didn't drive home the idea that the Guthrie's goal was ambitious, the early stages of fund raising did. "We started the campaign with the traditional optimism that we would be able to do it like all of the other entities in town, by raising money from 300 to 400 individuals," says Henry A. Young, campaign director.

"We kept looking for a $5-million lead gift," he adds. "We never found it."

A Variety of Sources

The "Campaign for Artistic Excellence" faced other obstacles as well. A review of the theater's audience showed that 56 per cent were under the age of 35 and made less than $35,000 a year, says Mr. Young. With "such a big constituency that doesn't make any money," he says, campaign leaders worried that they would be unable to meet their goal unless they attracted large gifts from a very small group of people.

The Guthrie surpassed its goal by raising money from a variety of sources: Corporations contributed $8.7-million, foundations gave $6.5-million, and the National Endowment for the Arts, $900,000.

The largest share—$10-million—came from individuals, much of it in response to direct-mail pieces sent across the country. Two $2-million donations were the campaign's largest gifts. In all, over 4,500 people contributed to the campaign.

"Our effort represents the first time a theater can say that it can withstand significant short-term challenges."

"Essentially, we went back to our annual-fund strategies," says Mr. Young. The theater sent out elaborate campaign packets explaining the needs and goals of the theater, then followed up those mailings with phone calls from volunteers. As the campaign neared its close, a second mailing was sent to the people who had not responded to the first mail and phone solicitation, a technique that proved effective.

But it was also more expensive than anticipated, raising total costs for the campaign by about $800,000 over original estimates, to $1.8-million.

One of the most important accomplishments, says Mr. Young, was raising $18-million for the endowment. Such cash reserves are critical to a non-profit theater's ability to maintain a high level of quality, he says.

"This is a big shift for the regional theater movement," says Mr. Young. "Our effort represents the first time a theater can say it can withstand significant short-term challenges and still be in existence.

"Theater has been dominated in America by the perception of a Broadway show, symbolized by the fact that with two bad reviews it could be closed next Friday. It wasn't an art form perceived to be permanent. We set out to change that perception."

—JENNIFER MOORE

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MANAGING

Governance and Regulation

United Way Under Fire

Questions about management practices and executive perquisites prompt internal probe, concern from local chapters

By ANNE LOWREY BAILEY
and BRUCE MILLAR

ALEXANDRIA, VA.

JIM HUBBARD

William Aramony, president of United Way of America, was given a vote of confidence by the organization's board in the wake of criticism of his $463,000 compensation package and his management and financial practices.

UNDER FIRE FOR THE SALARY and perquisites of its chief executive and for some of its financial and management practices, United Way of America has begun an internal investigation and placed its top financial officer on administrative leave.

Some charity and local United Way leaders expressed concern that the controversy might damage contributions to the United Way system, which raised $3.1-billion through 2,100 locally-controlled United Ways for more than 40,000 charities nationwide in 1990.

Much of the criticism has centered on the compensation and privileges enjoyed by William Aramony, president of the federated charity, and some of his long-time associates. Mr. Aramony receives $463,455 in salary and benefits. He has flown first class on many of his trips and traveled to Europe on the Concorde when his schedule demanded it, United Way officials said. He started flying coach last year, they added.

Mr. Aramony declined to be interviewed by *The Chronicle of Philanthropy*, but United Way of America board members and top officials said they believed his compensation and travel expenses were fair and appropriate for the leader of an organization that has a 1992 unrestricted budget of $28.4-million.

This month the executive committee of the United Way of America board gave Mr. Aramony a "resounding vote of confidence."

United Way said the chief financial officer, Thomas J. Merlo, had been suspended by Mr. Aramony for "past activities" unconnected with his work at United Way. Mr. Aramony took the action after a reporter asked him about Mr. Merlo, who had been investigated for alleged financial misdealings in Miami but was never charged. Mr. Aramony said he had been unaware of the charges until the reporter asked about it, although he had known Mr. Merlo since the 1960's.

Questions About Accountability

Legal experts and some United Way workers have asked whether five organizations spun off by United Way are sufficiently accountable to it. The spinoffs, two of which were set up as for-profit companies, provide a variety of services, such as selling products with the United Way logo and offering office supplies and telephone services to non-profit organizations at bulk rates. United Way of America officials refused to release records on the for-profit companies because, they said, that would cause the organizations to lose their competitive edge.

"What Partnership Umbrella [one of the for-profit spinoffs] has told us is that it wouldn't make good business sense to do that," says Tony De Cristofaro, a United Way of America spokesman. "Also, we don't have the papers. They are an independent organization."

Robert Aramony, son of William Aramony, and president of Sales Service/America, the other for-profit spinoff, said the company had 1991 sales of $6.3-million and profits of $55,000, of which about $15,000 was donated to United Way of America. The balance has been put back into the business.

Details about the salaries and management practices of United Way officials were printed in a nationally syndicated column by Jack Anderson and in an article in *The Washington Post*. The published accounts caused many local United Way officials and leaders of major national charities to worry that donors might be turned off by the amount spent on salaries and perquisites, while others said it was unethical for charity workers to receive such high compensation.

Inquiries from journalists prompted the executive committee of United Way of America to conduct a preliminary investigation of Mr. Aramony's leadership that resulted in the vote of confidence. The committee also hired a Washington law firm, Verner, Liipfert, Bernhard, McPherson, and Hand, to conduct a full-scale review of the five spinoff organizations and United Way of America's governance and personnel systems. The investigators are to report to the executive committee on April 2.

Several local United Way officials and other experts on non-profits contended that the United Way of America board had taken too little action and had failed to carry out its duty to monitor the organization, but board members and United Way of America leaders denied those charges.

The chairman of United Way's Board of Governors, John F. Akers, chairman of International Business Machines, last week declined repeated requests for an interview. He said through a spokesman that he supported Mr. Aramony and believed United Way's finances were being handled properly.

'No Blatant Impropriety'

"He concurred with the rest of the board that no blatant impropriety was uncovered" during the initial investigation, said his spokesman, Brian Doyle. "I don't think this board has seen anything to show that the United Way of America has not been managed prudently."

Leaders of four of the largest United Ways—in Portland, Ore., San Francisco, Seattle, and Tampa—said they were considering the possibility of withholding their annual dues because of their concern. About 1,400 United Ways pay annual dues of 1 per cent of their total contributions to United Way of America.

"We view these issues very seriously and are looking at all the issues as they relate to United Way of America," said Thomas A. Ruppanner, president of the United Way of the Bay Area in San Francisco. He said he would seek "additional information in detail on points that our board has great concern about." He declined to elaborate.

In Chicago last week, three local United Way board chairmen were preparing to send a letter to Mr. Akers, requesting open communications and accountability between United Way of America and local United Ways.

"As many United Ways around the country are currently doing, the three board chairs of our organization have drafted a joint communication to John Akers, essentially saying we're taking the charges seriously and requesting they [the Board of Governors] do a complete investigation," said Mark J. Knickelbine, director of public affairs and marketing for the United Way/Crusade of Mercy.

Some of Mr. Aramony's supporters acknowledged that the United Way of America president would do some things differently in his United Way career if he had the opportunity, but they said they believed his overall impact on the organization had been positive.

Said Mark O'Connell, president of the United Way of Metropolitan Atlanta: "When I began in 1970 it was just a job for me, but Bill Aramony's leadership and vision put the ideas and words together for me so that it became a career. He made it so that thousands across the country became more effective and fulfilled because of his leadership."

Although most of the attention has focused on salaries and the spinoffs, several other issues have been raised, including hiring practices and the maintenance of a New York apartment used mainly by Mr. Aramony.

His son, Robert, has served as vice-president of two of the spinoffs, Partnership Umbrella and Charities Fund Transfer, and now is president of a third, Sales Service/America. Both Robert Aramony and William Aramony say the elder Aramony was not involved in any decisions about hiring his son.

O. Stanley Smith, chairman of the board of Sales Service/America and the man who hired the elder Aramony in 1958 to head the United Way in Columbia, S.C., concedes that the job at Sales Service/America, which sells products with United Way's logo, had not been advertised in newspapers or within the United Way system.

Partnership Umbrella, which was given $900,000 in seed money by United Way of America in December 1986, used $430,000 of that to buy and decorate a condominium apartment in New York City, according to Mr. De Cristofaro. He said that the apartment was a solid investment and that Partnership Umbrella staff members also stay there on trips to New York, thus saving on lodging costs.

Salary Exceeds Most Non-Profit Officials

Mr. Aramony, who has headed United Way of America for 22 years, has one of the most generous salary and benefits packages of any charity official in the country.

United Way officials said Mr. Aramony's $390,000 salary had been set using comparative data gathered by TPF&C, a management-consulting company. As comparable compensation, United Way cited the top executives of the Ford Foundation and the Heritage Foundation, who make $420,000 and $319,367, respectively, according to documents obtained separately by *The Chronicle*. The report also said the average salary of top executive officers of health and welfare organizations was $114,500 last year.

A survey by the Technical Assistance Center in Denver found that the average salary for executive directors of non-profits with budgets of over $5-million was $81,737.

Although United Way officials released information about Mr. Aramony's salary and benefits, as required by federal law, the full cost of his expenses could not be determined because United Way officials refused to release any expense-account records. The organization's informational tax return did not list any expense account for Mr. Aramony, although it did list such expenditures for other top officials.

John Glaser, a long-time colleague of Mr. Aramony and chief operating officer of United Way International, defends Mr. Aramony's spending as appropriate for attracting support from corporate leaders.

"He has built an environment that corporate executives are comfortable in," Mr. Glaser said. "They're more at home in plush offices, rather than in some settlement house where there are kids crying and running around with runny noses."

'Managing a $3-Billion Corporation'

Brian Doyle, Mr. Akers's spokesman, said it was appropriate that the United Way paid its leaders as much as many major corporations pay their top executives. "He is managing a $3-billion corporation, and the

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Top Salaries at United Way and Other Non-Profits

Organization	Top executive	Compensation	Contributions to employee benefit plans
United Way of America			
	William Aramony, president	$390,000	$73,455
	Frederick Cerny, regional director[1]	204,308	12,778
	Richard O'Brien, executive vice-president[2]	195,500	27,928
	Thomas Nunan, senior vice-president	178,268	16,313
	Robert Beggan, senior vice-president	143,000	19,955
Local United Way Chief Executives			
Birmingham, Ala.	Daniel J. Dunne, executive director	$111,743	$19,372
Indianapolis	Dan MacDonald, president	134,308	12,477
Miami	Tanya Glazebrook, president[2]	145,665	0
Newark	Richard A. Lewin, president	102,518	18,009
Providence, R.I.	Doug Ashby, president	127,496	12,699
San Diego	Dawson Dowty, president	145,100	20,400
San Francisco	Thomas Ruppanner, president	161,785	n/a
Tampa, Fla.	Wayne R. Davis, president	95,400	n/a
Tri State[3]	Betty Beene, president	228,000	32,067
Chief Executives of Other Non-Profits			
American Association of Museums	Edward H. Able Jr., executive director	$126,886	$13,639
American Cancer Society	William M. Tipping, executive vice-president[2]	188,000	2,348
American Council on Education	Robert H. Atwell, president	137,500	39,531
American Red Cross	Elizabeth H. Dole, president	200,000[4]	n/a
Catholic Charities USA	The Rev. Thomas J. Harvey, executive director	42,000	8,000
Epilepsy Foundation of America	William M. McLin, executive vice-president	163,760	19,612
Ford Foundation	Franklin A. Thomas, president	420,000	36,000
Girls Incorporated	Margaret Gates, national executive director	92,619	0
Heritage Foundation	Edwin J. Feulner Jr., president	319,367	23,277
Independent Sector	Brian O'Connell, president	145,000	25,000
International Service Agencies	Richard J. Leary, executive director	68,900	10,355
National Black United Fund	William T. Merritt, president	60,500	5,000[5]
National Society of Fund Raising Executives	Raymond Crabbs, president[6]	115,039	0
National Society to Prevent Blindness	Robert Bolan, executive director	76,214	1,999
National Trust for Historic Preservation	J. Jackson Walter, president	172,516	34,503
Wilderness Society	George T. Frampton Jr., president	120,000	25,200
World Concern	Frederick Gregory, executive director	64,379	4,221
World Vision	Robert Seiple, president	102,000	1,275

[1] No longer in office; compensation figure includes severance pay.
[2] No longer in office.
[3] A federation of 35 United Ways in New York, Connecticut, and New Jersey.
[4] Effective in February; served first year in office without pay.
[5] Estimated.
[6] No longer in office; compensation figure is for eight months, plus severance pay. Information for new president, Patricia Lewis, is not available.
n/a Not available.

United Way Faces Questions About Its Spinoff Groups; Issues Include Hiring and Financial Disclosure

Many of the questions raised about the management of United Way of America have to do with organizations that the charity has spun off.

United Way's board has hired an outside law firm to investigate some of the issues.

The spinoff groups include:

► Partnership Umbrella, a for-profit corporation that allows charities to buy goods such as office supplies and telephone services, in bulk and at discount prices.

► Sales Service/America, a for-profit telephone and catalogue sales operation that markets products with the United Way logo.

► Gifts In Kind America, a non-profit clearinghouse for large donations of products to charities.

► Charities Funds Transfer, a non-profit designed to speed the transfer of corporate donations to local United Way charities.

► United Way International, a trade association that coordinates efforts of United Ways in other countries.

The issues raised about the spinoff groups focus on financial disclosure and hiring practices.

United Way provided $900,000 in seed money to establish Partnership Umbrella and a $1.5-million loan to establish Sales Service/America. But although the two corporations are designed to benefit public charities, and their marketing ability depends on their connections to United Way, the charity federation has refused to disclose their finances.

Proprietary Information

Tony De Cristofaro, a United Way spokesman, said such information was proprietary and could harm the businesses' ability to compete in the marketplace. He added that the corporations don't need to make disclosures about their finances, because they are not charities and are not officially connected to United Way of America.

Some experts disagree. "The damage that can be done by non-disclosure by a charity or a related entity is far more serious than any actual money that could be involved," says William J. Lehrfeld, a lawyer with 30 years of experience in non-profit law, including six years in the exempt-organizations division of the Inter-

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Questions About United Way of America Trouble Chapters

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board has deemed his salary and benefits appropriate," Mr. Doyle said.

However, Pamela Y. Paul, chairman of the United Way of Northeast Florida in Jacksonville, said the disclosure of Mr. Aramony's compensation and spending habits made her "uncomfortable," since her United Way works hard to run a frugal operation.

Donors Expect Frugality

"We live in a very conservative community, and our donors wouldn't like it a bit if we had compensation or expense accounts like Aramony," Ms. Paul said.

She said United Way of America could learn from some of its members. The Jacksonville United Way spends less than 13 per cent of all contributions on operating costs and has 39 full-time employees, the smallest staff of any United Way raising more than $9-million.

"I feel like, in some ways, the national office ought to reflect the traditional values of United Way," she said.

Robert M. Kardon, president of the California Association of Non-profits, said he worried that the public would be upset by reports about Mr. Aramony's salary and benefits.

"If this becomes the perception of charity in the country, it could seriously damage our credibility as a sector," said Mr. Kardon, whose organization represents over 2,000 non-profits. "I can certainly understand that he's traveling in corporate America, but that seems outrageous. I don't see how that fits with our ethos."

"That is a very high salary," concurred Rear Adm. David M. Cooney, retired, who is president and chief executive officer of Goodwill Industries of America, which is among the leading recipients of United Way support.

He said senior corporate executives had called Goodwill last week and said the news reports would have a detrimental effect on their giving programs.

"I have communicated to Bill Aramony that the United Way needs to change," said Mr. Cooney. "We feel that the United Way should be more open to comment from service-delivery agencies."

Robert O. Bothwell, executive director of the National Committee for Responsive Philanthropy and a persistent critic of United Way, agreed that the disclosures might hurt giving in the short term, but said he doubted they would harm next fall's United Way campaigns.

"I think it is bound to have a detrimental effect, as any scandal story connected with a public charity will," Mr. Bothwell said. "What is amazing is how ephemeral the effect is. Unless something blooms and blossoms on this, it will be really dead news by next fall."

Spinoffs Not Well Known

Many local United Way officials and at least one board member were unfamiliar with the spinoff organizations.

Morton Bahr, president of the Communication Workers of America, and a six-year member of United Way of America's board, said he had not been "too familiar with the spinoff companies" until questions were raised. He said he was confident that the board would thoroughly investigate the matter.

"We have too much at stake to let something happen that doesn't smell right," said Mr. Bahr, who is also a member of the executive committee.

Other observers said they were concerned that the spinoff units, especially the for-profit companies, which are not required by law to provide information to the public, were not sufficiently accountable.

"I was quite appalled," said Mr. Kardon. "The story of the establishment of the for-profit subsidiaries that his son was involved in, and the money to buy and decorate a condominium in New York, all seemed so out of keeping with the non-profit spirit."

Said Daniel L. Kurtz, who regulated charities while serving as Assistant Attorney General of New York: "Entities created by United Way to serve charities are not mom-and-pop privately held companies. Their finances should be publicly accountable in the same way that United Way's are.

"Otherwise, people are not going to be able to judge how prudently their boards have acted in embarking on these potentially risky ventures. The real problem is, Who has jurisdiction to look into these things?"

> **"The integrity of the movement and any of us in our jobs is somewhat questioned. There's nobody who feels good about it."**

United Way of America officials said those questions would be evaluated in the law firm's inquiry.

Mr. De Cristofaro said the spinoffs were accountable to their customers. "These are private companies whose finances are proprietary information," he said. "They are not subsidiaries of United Way of America and are in no way accountable to it."

For several weeks after reporters began their inquiries, United Way of America officials fielded questions about Mr. Aramony's finances and the spinoff units.

Many local United Way executives took pains to distance themselves from the investigation by emphasizing that all United Ways are independent and locally controlled. The United Way of Santa Clara County, Cal., released a statement noting that it pays annual dues to the United Way of America "in the amount of less than 1 per cent of the total campaign dollars raised." The statement added that United Way of America did not, in any way, control the policies or procedures of the United Way of Santa Clara County.

In anticipation of the Jack Anderson column and the *Washington Post* article, the United Way of America public-relations office was sending daily advisories to local United Ways, anticipating the content of the articles and suggesting responses to questions by local reporters. One note to the United Way of Americas staff, signed by Mr. Aramony, ended, "Your personal support and messages mean a great deal to me. Thank you and we will overcome!"

After the articles by *The Washington Post* and Mr. Anderson were published, several United Way of America board members and local United United Way leaders declined comment and referred questions to Alexandria spokesmen.

While most United Way drives have ended, some of the nation's largest United Ways are still running theirs. Leaders of campaigns that are still in progress said they were uncertain what impact the publicity would have.

"I don't know how it will affect it, and the truth is I hope not at all," said Betty Beene, president of the United Ways of Tri State, a federation of 35 United Ways in New York, Connecticut, and New Jersey.

She said she was confident that Mr. Aramony would respond to the issues with the "same kind of candor and conviction that has made him such a strong leader of the movement."

'It's All Very Sad'

"No one read *The Washington Post* article without a sense of sadness that the charges were even made," she said. "With those charges, the integrity of the movement and any of us in our jobs is somewhat questioned. There's nobody who feels good about it. It's all very sad."

Added Mr. Knickelbine of United Way/Crusade of Mercy in Chicago: "I'm not certain that we've seen the end of allegations that have been coming out in the press on this."

Elizabeth Greene, Stephen G. Greene, Holly Hall, Jennifer Moore, Vince Stehle, and Grant Williams contributed to this article.

United Way Faces Questions About Spinoff Groups

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nal Revenue Service. "Lack of disclosure brings distaste, and distaste brings lack of trust, and that could hurt donations to the main charity."

Mr. Lehrfeld adds: "You can't ask for donations and say, 'Trust me,' when you refuse to live up to the burden of proving that you and your related entities are managed in a financially responsible manner."

The United Way said those questions would be evaluated in the course of the outside law firm's investigation.

Kenneth L. Albrecht, president of the National Charities Information Bureau, a private watchdog organization, said that management standards set by his agency called for charities to disclose on request financial information for all substantial income and for all revenue-generating activities conducted by the organization. That standard would also apply to charities' "related and unrelated business ventures and for-profit subsidiaries." The bureau is in the midst of a routine update of its report on United Way.

Returns Called Incomplete

The Charities Funds Transfer organization provided *The Chronicle of Philanthropy* with its 1989 and 1990 informational tax forms, but those forms were accompanied by notes from accountants that said the returns were incomplete. The forms were incomplete, Mr. De Cristofaro said, because the charity's finances had never been audited. An audit is now under way, he said.

The 1990 return lists $127,207 in salaries and benefits, $54,733 for consultants, $14,227 for professional fees, $130,000 for management fees, $19,143 in accounting and legal fees, and $36,920 for travel expenses. It does not say who received that money. The IRS requires charities to disclose payments to their top five employees and their top five consultants, but only for those that receive more than $30,000. No one received more than $30,000 from Charities Funds Transfer, according to Mr. de Cristofaro

All told, administrative expenses came to $542,139; income was $506,124. Mr. De Cristofaro said that Charities Funds Transfer had not lost money for the year, but that the tax forms showed a loss due to its accounting methods.

Progress of Aramony's Son

William Aramony's son, Robert, who is president of Sales Service/America, said he had begun his United Way career in 1986, at the United Way of Martin County in Stuart, Fla.. At about the same time, he was hired to do $3,000 in consulting work for the Professional Travel Services, a spinoff organization that has since failed. That contract was arranged by Steven J. Paulachak, who was then a top executive of the United Way of America.

In 1989, Mr. Paulachak hired Robert Aramony to be vice-president of two of the other spinoffs, Partnership Umbrella and Charities Funds Transfer. Although William Aramony served on the boards of both spin-offs, a United Way spokesman said that the elder Mr. Aramony had done nothing to help his son get the job.

"We always had an unwritten understanding that I don't want him in my work life," said Robert Aramony. When asked, then, why he works for United Way of America, he replied: "Because the work fits what I want to do. The job is right."

While he was at the two spinoffs, Robert Aramony laid the groundwork for creating a new company out of United Way of America's existing Sales Service/America division. The new company began with a $1.5-million loan from United Way of America. According to Mr. De Cristofaro, William Aramony recruited the board of directors, a group of old friends whom he could trust to do a good job, and they hired Robert Aramony without advertising the position.

That procedure raises questions in the minds of legal experts. "The board has a responsibility to recruit the best possible chief executive, and that almost always includes a search," says Mr. Lehrfeld, the non-profits lawyer. "Otherwise the board might be remiss in exercising its fiduciary responsibilities." —ANNE LOWREY BAILEY AND BRUCE MILLAR

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How the 10 Largest Foundations Invest Their Assets

	Ford Foundation	W. K. Kellogg Foundation	J. Paul Getty Trust	Robert Wood Johnson Foundation	Lilly Endowment	Pew Charitable Trusts	John D. and Catherine T. MacArthur Foundation	Rockefeller Foundation	Andrew W. Mellon Foundation	Robert W. Woodruff Foundation
Total assets in billions[1] (12/31/91)	$6.481	$6.339	$5.0	$4.081	$3.99	$3.388	$3.278	$2.2	n/a	$1.495
Total assets in billions (12/31/90)	$5.514	$4.028	$4.3	$2.914	$3.54	$3.077	$3.085	$1.9	$1.617	$.995
How assets are allocated										
Domestic equities	43%	92%	44%	68%	99%	55%	20%	48%	n/a	78%
Foreign equities	9%	—	8%	—	—	5%	12%	14%	n/a	—
Domestic bonds	32%	6%	40%	30%	1%	35%	27%	16%	n/a	18%
Foreign bonds	7%	—	—	1%	—	—	—	—	n/a	—
Cash	5%	2%	8%	—	—	5%	1%	11%	n/a	2%
Real estate	3%	—	—	1%	—	—	37%	6%	n/a	2%
Private equity/venture capital	1%	—	—	—	—	—	3%	5%	n/a	—
Program-related investments outstanding, in millions (12/31/91)	$110.9	none	none	$13.9	$4.0	$20.0	$45.7	$8.4	n/a	none
1991 giving, in millions[1]	$258.8	$155.5[2]	$8.13[3]	$164.6	$131.3	$111.6	$129.9	$88.1	n/a	$33.4
Portion of assets managed in house	80%	3%	none	99%	100%	see notes	5%	none	n/a	100%

Ford Foundation: Foundation refuses to invest in companies doing business in South Africa that have not signed the Sullivan Principles.

W. K. Kellogg Foundation: Virtually all equity assets are in W. K. Kellogg Company stock. Foundation uses no written social criteria for investing; among the assets it manages directly, it avoids investing in companies selling tobacco or alcoholic beverages.

J. Paul Getty Trust: Assets include museum and scholarly collections in addition to its $3.9-billion endowment. An operating foundation, Getty spent $87-million on its program in the fiscal year ending June 30, 1991. The foundation uses no social criteria for investing.

Robert Wood Johnson Foundation: Virtually all equity assets are in Johnson & Johnson Company stock. Foundation refuses to invest in companies with significant participation in the tobacco industry.

Lilly Endowment: Virtually all equity assets are in Eli Lilly & Company stock. Foundation uses no social criteria for investing.

Pew Charitable Trusts: Entire portfolio is managed by the Glenmede Trust Company. Asset allocation figures exclude $955,908,720 in stock of the Sun Oil Company and Oryx Company. Foundation uses no social criteria for investing.

John D. and Catherine T. MacArthur Foundation: Portfolio includes undeveloped Florida land valued at $730-million and improved real estate valued at $372-million. Foundation uses no social criteria for investing.

Rockefeller Foundation: Foundation uses no social criteria for investing.

Andrew W. Mellon Foundation: A Mellon spokesman refused to provide 1991 figures, saying the foundation's policy is not to release investment data that have not been reviewed by its board.

Robert W. Woodruff Foundation: Virtually all stock is in the Coca-Cola Company. Foundation uses no social criteria for investing.

[1] Some figures are unaudited.

[2] For fiscal year ending 8/31/91.

[3] For fiscal year ending 6/30/91.

n/a Not available.

More Foundations Using Their Assets to Further Grant-Making Goals

Continued from Page 1

ing 20 per cent of its equity holdings in socially screened mutual funds, says Page Knudsen Cowles, its immediate past president. The stimulus came when several family members who were boycotting General Electric Company products noticed that GE shares appeared in Unity Avenue's portfolio.

Last fall, after months of discussion, the family foundation's board approved a policy screening out companies that are major polluters, make nuclear weapons, generate nuclear power, produce tobacco products, threaten endangered species, use animals for non-medical testing, or use violence in their advertising.

The policy also favors investments in companies that actively promote women and minorities or that contribute to environmental improvement in the areas of air- or water-pollution control, waste disposal, or alternative energy.

"My feeling is that this will be more and more of an issue for people," says Ms. Cowles. "It won't make the investment managers happy, but they'll have to adjust."

The Jessie Smith Noyes Foundation, which began drafting a social investment policy in 1990, last year finished selling all its shares in the Philip Morris Companies—which Stephen Viederman, the foundation's president, calls "one of the better stocks we had" in terms of financial performance.

The $60-million foundation, which supports work on environmentally sound agriculture, was concerned less with the health effects of cigarettes—one of Philip Morris's principal commercial products—than with the agricultural impact of tobacco farming on the environment, says Mr. Viederman.

The policy is still evolving. "We won't touch nuclear," he says, but Noyes is still reviewing its positions in several oil and pharmaceutical companies.

"We have decided that we want, to the degree possible, to match our investments with our values and our programs," he observes. "At some level, that proves much more difficult than one might imagine."

Lagging Behind Other Investors

Such examples notwithstanding, foundations in general have lagged behind other institutional investors in applying social criteria to their financial portfolios.

Lacking vocal constituencies of students, alumni, parishioners, or pensioners, foundation boards have seldom found their investment policies challenged by outsiders. In the past couple of decades, few philanthropies were drawn into the heated debates about divestment from South Africa or ownership of stock in weapons manufacturers that were held on hundreds of college campuses around the country.

"In general, foundations have been latecomers to ethical investing," says Marcy Murninghan, a visiting fellow at the John W. McCormick Institute of Public Affairs at the University of Massachusetts in Boston, who has been a consultant to several foundations. "They're not subject to the external pressures other institutions have faced."

As a result, the traditional view among foundation officials and trustees—that the sole purpose of their investments is to generate sufficient income to meet the federal payout requirement and support their grant programs without eroding principal—still has many champions, who remain skeptical about using social criteria in investment decisions.

"My own viewpoint is that that is a very dangerous area, with many pitfalls," says John W. English, vice-president and chief investment officer at the Ford Foundation. "When you start assigning judgments to various companies as to whether they're making a positive or a negative contribution, it becomes highly subjective.

"Since all of the foundation's investment gains are used to do good works," adds Mr. English, "I think our objective is to maximize the investment return in order to do good works around the world."

Some observers also question how much impact socially responsible investment policies have on corporate behavior. "My personal view is that divesting yourself of securities is not a very effective way to contribute to social change," says Jack Meyer, former treasurer of the Rockefeller Foundation and current president of the Harvard Management Company in Cambridge, Mass., which manages Harvard University's endowment. "The company whose stock you sell doesn't care, and it doesn't affect the price of the stock except on the day you sell it."

What's more, says Mr. Meyer, ethical investment policies can be costly: They generate brokerage fees when unwanted stocks are sold, necessitate a somewhat riskier and less diversified portfolio, and add a layer of administrative complexity to a foundation's investment department. "It's a little hard to attract top-rate portfolio managers," he adds, "if you're going to saddle them with the burdens of divesting."

Whether socially screened investments necessarily perform less well than portfolios unhampered by such constraints is a matter of debate—in which even the proponents of such screens disagree.

"We don't think we've lost anything appreciable by the policy," says Vincent McGee, executive director of the Aaron Diamond Foundation, which refuses to invest in companies that have substantial business involving military contracts, nuclear power, tobacco, gambling, or South Africa. A limited analysis by the foundation showed that "what we might have gained one year if we'd had military stocks we would have lost in the next year," he says.

At the Cummings Foundation, however, "I think there is probably a feeling that there's been some sacrifice of return" because the portfolio is screened, says Mr. Halpern. "Up to now," he adds, "the board has felt that the sacrifice was worth making."

Frustrating Discussions

At some foundations, board discussions of ethical investing seem to go in circles.

"We've spent an enormous amount of time over the past 15 years" debating social aspects of the investments of the Rosenberg Foundation in San Francisco, says Kirke Wilson, its executive director. "It is among the most unproductive time I have spent. Our guys almost always end up saying, We're in the grant-making business, not the investment business."

Instead of drafting a formal policy, Rosenberg uses what Mr. Wilson calls "the smell test" to keep particularly unsavory companies out of its portfolio. But only in areas relating directly to the foundation's grant making, he adds, is a company likely to undergo close scrutiny.

"We follow a *de minimis:* If [a particular product] is a small part of what somebody does and is not one of our issues, we probably would ignore it," he acknowledges.

A number of other foundations take a similar path: Although they have no formal policy on ethical investing, they instruct their investment managers to weed out specific companies they deem incompatible with their missions.

Criteria vary from one foundation to another. The W. Alton Jones Foundation, which makes grants to protect ecosystems from pollution and toxic contamination, in 1990 owned 16,000 shares of Waste Management Inc. Critics have branded that waste-disposal company an environmental scofflaw, and several other environmental grant makers screen it from their portfolios.

Jones, whose other major program effort is to reduce the threat of nuclear war, also held 6,000 shares of the Raytheon Company, a major defense contractor in the manufacture of nuclear arms.

"The board has been looking at a couple of our investments, but has not reached consensus," says John Peterson Myers, the foundation's director. "The board is less comfortable with companies involved in the production of nuclear weap-

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OPINION

Commentary and Letters

Dangers in the Rush to Aid Eastern Europe

By JOHN C. HAMMOCK

TWO YEARS AGO, in Senegal, I chaired a meeting of African and American directors of private voluntary organizations. The discussion turned to collaboration and commitment. An African leader was emphatic: "Mark my words, the situation in Eastern Europe is going to hurt Africans. Europe and the West are going to flock to Eastern Europe and the Soviet Union—including private voluntary agencies. Africans will be left out."

Two years later, those words seem prophetic. American-based international-relief and -development groups have jumped on the bandwagon, announcing plans to work in the former Soviet Union and Eastern Europe. Spurred by federal aid from governmental organizations ranging from the United States Information Agency to the Agency for International Development, groups are lining up. Even InterAction, the umbrella organization of international private organizations, which up to now has focused on the so-called global South—Africa, Asia, the Caribbean, and Latin America—has decided to join the fray. In December, its executive committee voted to "create a working group on the Soviet Republics and Eastern Europe, without diminishing in any respect InterAction's and its members' commitment to the needs of the third world."

MY VIEW

Private groups race in to help when disasters strike, as happened during the Bangladesh floods last year. But after the initial push, how many groups stayed to help with the long-term recovery?

But can InterAction—or any non-profit—move into the Eastern countries without compromising programs in developing countries? International voluntary groups already divide their limited time and resources among dozens of Southern countries; it is fiction to believe existing non-profits can meet the tremendous demands of moving into a totally new international area without further straining the capacity of organizations that have long been stretched too thin.

Five specific concerns argue for careful deliberation before flocking to the former Soviet republics:

► Money destined for the global South will be diverted to this new area. Already we see U.S. government money flowing into Eastern Europe and the former Soviet republics. These funds do not come from new line items in an already tight budget; they are mostly being carved out of money previously allocated to developing countries.

And as private groups start operating programs in Europe, they will probably raise money that will be restricted for use in that area. Since that region is now getting the lion's share of the news coverage, private groups are likely to raise much more money earmarked for use in Europe and devote less of their limited fund-raising resources to seeking donations for Africa.

► The rush to Eastern Europe shows, once again, how

LETTERS

Who's Really Naïve About Japanese Charitable Giving

TO THE EDITOR:

Naïveté, like beauty, seems to be largely a function of the beholding eye.

In his column on Japanese corporate giving in the U.S. ("We're Naïve About Japanese Philanthropy," *The Chronicle*, January 14), William J. Holstein admonishes American non-profits to beware of the peril of accepting the financial support of Japanese corporations operating in the United States. While many of Mr. Holstein's claims teeter on the kind of hysteria that would warm the Iacoccan heart, several of his statements are so misleading and irresponsible that they must be challenged.

American and European corporations have long used corporate-giving programs to burnish their images and to promote a positive relationship between the company and the community. Rightly viewed, these contributions are investments on the part of these companies in the long-term vitality of the communities in which they operate and in which their employees live. This is a perfectly appropriate strategic objective for corporations to pursue. Corporate giving in this country has never been motivated by the "pure altruism" that Holstein criticizes Japanese companies for lacking. Nor should it be.

You would think that an editor of *Business Week* would better understand corporate cultures in capitalistic societies. If I am a shareholder in IBM, I do not want the company "giving" my money away; however, I do want the company to invest corporate resources in appropriate ways to benefit the community and to advance the objectives of the company. I would expect the same thing of Burroughs-Wellcome or of Toshiba if I owned shares in those companies.

The fact that several Japanese companies have chosen to support the activities of the Media Lab at MIT does not mean, as Mr. Holstein claims, that American companies are "completely outgunned." American electronics companies have an idea where Cambridge is, and the folks at the Media Lab would be delighted, I suspect, to talk to them about access to their research. To suggest that Japanese companies are pursuing dark and unfair business practices by supporting research activities that are equally accessible to American or to European companies is just silly.

Since I know the academic world far better than I know the world of community-based and civic organizations, I will not comment on Mr. Holstein's assertion that there is a right way and a wrong way for local communities to deal with Japanese giving. I will merely point out the arguments that refer to a "massive Japanese presence" and to U.S. civic leaders lapsing "into a form of subservience" are intended to appeal to degrading stereotypes and to a lowest common denominator of prejudice.

And when I read Mr. Holstein's suggestion that Japanese giving to black and Hispanic groups is part of an attempt to promote solidarity among non-whites to the detriment of U.S. competitiveness, I thought I was in the presence of parody. Such a bizarre point of view would do justice to Tom Buchanan in *The Great Gatsby*, who was so concerned by "The Rise of the Colored Empires." But Mr. Holstein does not intend parody. He makes this claim with all the earnestness that he can muster. He should be ashamed of himself.

For a number of years, Japanese companies were criticized for not being philanthropic, for not being "good corporate citi-

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UNITED WAY: THE FALLOUT AFTER THE FALL

As the charity's national president leaves under fire, local groups scramble to regain donor support

John F. Akers, chairman of IBM and the United Way of America board, last week met with United Way staff members to show his support for their efforts to deal with controversy surrounding the charity federation.

By ANNE LOWREY BAILEY
and BRUCE MILLAR

NON-PROFIT OFFICIALS across the country are struggling to blunt public indignation and restore confidence in the nation's charities in the wake of a bitter controversy over the management of United Way of America.

William Aramony, who ran the organization for 22 years, stepped down amid widespread criticism of his $463,000 compensation package and his management and financial practices. News reports about Mr. Aramony's salary, his use of first-class air travel and limousines, and his efforts to place close associates in jobs at United Way of America and related organizations had prompted harsh complaints from many donors as well as the local United Ways that pay dues to the national organization.

Mr. Aramony refused to talk to *The Chronicle of Philanthropy* about the allegations, but he has denied that he committed any serious improprieties.

The barrage of mostly negative publicity has officials at many of the nation's 2,100 locally controlled United Ways groping for ways to calm angry donors. United Way has been scored in numerous newspaper editorials and become a popular target for cartoonists and television commentators.

Local United Ways are also trying to reassure leaders of the more than 40,000 charities that receive United Way aid, many of which fear their organizations will suffer if the nation's largest federated fund drive sees a substantial drop in giving. Even before the controversy, many United Ways had trouble with their fund raising, primarily because of the recession. Last year, United Ways raised $3.1-billion.

Nearly 100 local United Ways, including many of the largest ones, have announced that they will withhold their dues until United Way of America has fully disclosed information about its management and finances and those of affiliate organizations. Four of the United Ways that initially threatened to withhold their dues said they would pay, now that Mr. Aramony has departed.

About 1,400 United Ways pay annual dues of about 1 per cent of their total contributions to United Way of America.

Controversy Could Hurt All Charities

Even at non-profit organizations that have little to do with United Way, officials said they worried that giving would suffer. Said Frederick C. Nahm, vice-president for development and university relations at the University of Pennsylvania: "United Way is for many people the symbol of philanthropy in America. And right now, their donors have the perception, 'I've given my money to an organization that's spending money on all kinds of things that aren't directly benefiting charity.' "

Some local United Way officials and major donors said that Mr. Aramony's resignation would not be enough to restore public confidence. They said they would not be appeased until several questions were answered, among them:

► Did the United Way of America board exercise sufficient control over Mr. Aramony and the organi-

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STEVE LEONARD, FOR THE CHRONICLE

Going Against the Grain

Richard Dennis (*above*), a commodities trader, says he's using the same "contrarian" philosophy to give his fortune away that he used in amassing it. Story on Page 7.

Hangups About Phone Deals

Long-distance phone companies are offering special deals to charities, but many groups say the arrangements are not worth the trouble. Story on Page 24.

A complete guide to this issue appears on Page 3.

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A guide for the busy reader

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25 The Senate Finance Committee has approved a bill that would extend the full charitable deduction for all gifts of appreciated property for two years.

25 President Bush's plan to require charities to report donations to the Internal Revenue Service has become an election issue.

26 The Salvation Army raised 6 per cent more in its 1991 Christmas campaign than it did in the previous year's.

26 The White House has disavowed a federal official's criticism of the Muscular Dystrophy Association's annual Labor Day telethon.

26 Massachusetts legislators may revise the state's fund-raising law.

26 The Corporation for Public Broadcasting is financing a series of workshops to teach public radio stations how to attract large gifts.

27 Ideas: A raspberry farm helps disabled artists; museum workers aid their Russian colleagues.

41 Fund raising is still a long way from being a profession, says columnist Irving Warner (Opinion).

26 Update on campaigns for endowments and capital improvements.

29 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Managing Non-Profits

1 Local United Ways and other charities are scrambling to regain donor confidence following the resignation of William Aramony as president of United Way of America. Many are demanding further disclosure of information by the national organization about management and financial practices.

31 Publicity about high salaries at United Way of America is forcing many other charity leaders to reveal their salaries and defend them.

8 Scholars who study non-profits are discussing the creation of an international organization of researchers.

35 Several state associations of non-profits have created a new insurance company to provide liability coverage for charities.

35 The Syracuse Symphony Orchestra has shut down temporarily because of financial woes.

35 The leader of the international organization of Boy Scouts has backed a ban on homosexuals.

40 All non-profits can learn a lesson from the troubles at United Way of America: Sometimes it's better to speak out and risk negative publicity, says Tanya J. Glazebrook, a former local United Way official (My View).

41 Corporate values are playing too large a role in today's non-profit world, says columnist Pablo Eisenberg (Opinion).

37 Summaries of annual reports from Children International, the Design Industries Foundation for AIDS, the National Congress of Parents and Teachers, and the Planned Parenthood Federation of America.

About Grant Makers

16 The Public Welfare Foundation has made a grant for a series of educational workshops by a group that aids prostitutes.

15 Recent grants by foundations, corporations, and other grant makers.

18 Summaries of annual reports from the Foellinger, Guggenheim, and William Penn Foundations and the Research Corporation.

Of Special Interest to Board Members

1 **In the recent controversy at United Way of America, some questioned whether the group's board exercised proper control over the organization and its president.**

35 **Several state associations of non-profits have formed a new company to offer liability insurance to charities.**

41 **Non-profit boards are becoming too much like their corporate counterparts, mere accessories of management, says columnist Pablo Eisenberg.**

About Gifts and Giving

7 Multi-millionaire Richard Dennis brings the same "contrarian" streak to his philanthropy that he used to build his fortune.

10 The man who created the Templeton Prize in religion is a financier who gives away $5-million a year to charities and spends countless hours in fund raising. He also thinks non-profits could be much savvier investors.

8 A California court has delayed action on a controversial bequest to the Church of Christ, Scientist.

8 A Baltimore man will donate a ranch he owns in Kenya for research on wildlife.

14 A new charity is publishing a splashy magazine that encourages civic involvement and provides work for the needy.

14 Iowa State University will get $5-million in computer equipment from an alumnus; other recent gifts.

About Volunteers

8 Points of Light 696 to 707 were named by the Bush Administration.

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36 **Books:** Summaries of recent books on philanthropy, fund raising, and non-profits.

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Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Beverly Hospital (Mass.)	Sept. 1988	Oct. 1991	$1,300,000	$1,356,000
Broward Community College Foundation (Fla.)	Jan. 1989	Dec. 1991	2,500,000	2,583,323
Case Western Reserve U. (Ohio)	Fall 1989	Fall 1994	350,000,000	257,000,000
Clemson U. (S.C.)	June 1987	June 1992	78,000,000	82,525,851
Guild for the Blind (Ill.)	June 1991	Jan. 1992	100,000	102,000
John Carroll U. (Ohio)	Fall 1990	Dec. 1995	40,000,000	16,500,000
Quinnipiac College (Conn.)	Sept. 1991	June 1993	7,000,000	5,400,000
U. of Houston System	March 1992	Aug. 1995	350,000,000	200,853,000

IN BRIEF: Fund Raising

Salvation Army Drive Raised 6% More in 1991

The Salvation Army's Christmas fund-raising campaign raised $159.2-million last year, up 6 per cent over the 1990 total.

The increase was led by a successful "Christmas kettles" campaign, through which army bell ringers raised $52.8-million, an increase of almost $6-million over the year before.

The army's direct-mail campaign raised $86-million last year, down from $87-million the year before. Other income accounted for almost $20-million, up from $15.4-million in 1990.

The army said it had served 7.1 million people during the six-week holiday period, an increase of 9 per cent over the previous year.

Muscular Dystrophy Event Fuels Controversy

The entertainer Jerry Lewis, host of the Muscular Dystrophy Association's annual Labor Day Telethon, has accused a top federal official of unjustly criticizing his effort and has forced the White House to disavow the official's remarks.

In an appearance on NBC-TV's "A Closer Look" talk show, Evan Kemp, chairman of the Equal Employment Opportunity Commission, said that the "biggest barrier to hiring disabled people is attitudinal barriers" and that the telethon perpetuated those barriers.

In a letter to Mr. Lewis, Mr. Kemp, who has a form of muscular dystrophy, accused the entertainer of using a "pity approach" to helping disabled people that "hinders our attempts to be mainstreamed into society."

Mr. Lewis, who is the Muscular Dystrophy Association's national chairman, complained in a letter to President Bush that Mr. Kemp's televised remarks had had a "severely demoralizing effect on me and MDA staff and volunteers," and "exacerbated the fund-raising shortfall we already faced as a result of the recession."

Mr. Lewis asked President Bush for a "categorical disavowal of Mr. Kemp's assault on MDA."

Having received no reply from the President, Mr. Lewis sent a letter to the White House chief of staff, Samuel K. Skinner, in which the entertainer threatened to "go before 90 million viewers to defend MDA against an attack being waged" by Mr. Kemp. "Nothing would be more abhorrent to me than to have to tell the show's audience that I sought the President's help on behalf of 'my kids' and the tens of thousands of adults served by MDA and was ignored," Mr. Lewis wrote.

In a letter to Mr. Lewis, Mr. Skinner said that Mr. Kemp's views "are his own and do not reflect the position of the Bush Administration."

New Fund-Raising Measure Weighed in Massachusetts

Massachusetts lawmakers are considering a bill aimed at tightening restrictions on professional solicitors who raise money for charities.

The bill would also eliminate parts of the commonwealth's charitable-solicitations law—such as the requirement that solicitors obtain a certificate from the state before raising money for a charity—that are similar to those found unconstitutional by the U.S. Supreme Court.

The legislation is pending before the Joint Committee on Commerce and Labor, which consists of members of both houses of the legislature.

If passed, the legislation would:

► Prohibit fund raisers from controlling a charity or participating in its creation or operations.

► Require contracts between a solicitor and a charity to be fair and reasonable, to specify how much money the charity is to receive, and to certify that the charity has reviewed and approved scripts used for telephone fund raising.

► Require that contracts include good-faith projections of fund-raising expenses and revenues and require that solicitors submit revenue and expense reports to the non-profit organization at least once a month.

Seminars on Fund Raising Offered to Radio Stations

Officials of public radio stations will be offered an opportunity to learn how to attract big donations through a new program financed by the Corporation for Public Broadcasting.

The workshops, priced at $150 per person, will be offered by the Development Exchange, a non-profit in Washington, D.C., that provides development and marketing training and resources to public radio stations. The group received a grant of $120,225 from the CPB to create the workshops.

In addition to the workshops, the Development Exchange will use the grant money to identify model major-giving programs at public radio stations, provide telephone advice on raising big gifts, and create a training handbook and video.

For more information, call or write Pamela Woolley at the Development Exchange, 1010 Vermont Avenue, N.W., Suite 516, Washington 20005; (202) 785-4321.

The Salvation Army's Christmas Fund Raising

	1990	1991
Christmas kettles	$46,929,499	$52,818,638
Mail donations	$87,098,932	$86,011,069
Other income	$15,387,050	$19,987,833
Total	$149,415,582	$159,180,540
Totals by Territory		
Central (11 states)	$38,992,987	$41,697,443
East (11 states)	$35,480,022	$35,442,602
South (15 states)	$43,428,668	$46,403,166
West (13 states)	$31,572,804	$34,640,329

SOURCE: The Salvation Army

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charity like United Way, who *can* you trust? Like any other public charity, United Way has got to be publicly accountable."

He added: "Those of us who operate in the public trust have to hold ourselves to a higher public standard than just the law."

Several members of United Way of America's board said they were satisfied with the results of The Investigative Group's inquiry, which was conducted when the board first learned of the allegations about Mr. Aramony in December.

"There is no question, as Mr. Aramony has admitted, that he made errors in judgment with respect to modes of travel and lack of attention to some administrative detail," wrote one board member, Robert E. Allen, chief executive of the American Telephone and Telegraph Company, in a letter sent electronically to more than 100,000 AT&T managers last week. "The perception created by those poor judgments has been damaging to the institution and a disappointment to everyone associated with United Way."

According to Mr. Allen, the investigation "revealed neither impropriety, attempt to realize personal financial benefit, nor any intentional wrongdoing." He added: "My own observation of Mr. Aramony, during my tenure on the board, revealed a man who was fully and totally consumed by furthering the cause of United Way of America. I have never witnessed anyone so dedicated to the UWA's goals and mission."

John F. Akers, chairman of International Business Machines and of the United Way of America Board of Governors, met with staff members at United Way of America's headquarters in Alexandria, Va., last week. The purpose of the visit was to lend support to senior managers and staff, said Brian Doyle, an IBM spokesman.

'I Didn't Pay Enough Attention to Detail'

Mr. Aramony's resignation came less than two weeks after articles, first published in *The Washington Post* and *Regardie's*, a Washington business magazine, focused on his salary, benefits, and perquisites. The *Post* reported that Mr. Aramony had occasionally flown on the Concorde at United Way's expense and he had run up $20,000 in charges for limousine service in New York City. Reports also focused on several United Way spinoff organizations that were run by long-time associates of Mr. Aramony and by one of his sons, Robert. Two of the spinoffs have purchased condominium apartments, one in New York and one in Miami, that were used by staff members.

United Way of America has confirmed all of those facts but has denied any wrongdoing.

Discussing the controversy at a video teleconference for local United Way staff members and volunteers, Mr. Aramony acknowledged that "I didn't pay enough attention to detail, or to the way some of my actions could have been perceived or my personal style could have been perceived by people.

"I'm a mover and I get things done, but the price I paid for that was not enough attention to that detail."

He said during the teleconference that he planned to stay in his post until a successor was named. But when many local United Way leaders faxed letters and made phone calls demanding that he depart immediately, Mr. Aramony decided to leave the day after the teleconference.

Alan S. Cooper, a senior United Way executive, was named acting president on a temporary basis.

Thomas F. Frist, Jr., chairman of Hospital Corporation of America in Nashville, was named by the United

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Charity Chiefs Face a New Question: How Much Do You Make?

PRESS ACCOUNTS of William Aramony's $463,000 annual compensation package as president of United Way of America are forcing heads of many local United Ways and other charities to defend their own salaries.

Many officials of local United Ways charged that Mr. Aramony's salary was an inappropriate use of money donated by the public. But now local reporters are asking some of those same officials to disclose how much they are paid and what benefits and expense allowances they receive. United Way officials are also being asked whether the money would be better spent on charitable services.

While all non-profits are required by law to provide such information about their five highest-paid employees, few charity officials have previously been asked to reveal details about their salaries and perquisites.

"For the first time in our community, my salary was published in the newspaper, a picture of my home, and of a car that was provided by United Way," said Viney P. Chandler, executive director of Des Moines' United Way of Central Iowa, which raised $10.4-million last fall, a 2.5-per-cent increase from 1990.

Ms. Chandler predicted that her salary, which was $92,500 in 1990, would still be on the minds of many prospective donors when the United Way starts its fund-raising drive next fall. She said some critics of United Way have already promised they will do everything they can to make sure people are aware of how much she is paid.

Salaries at Large Charities

The Chronicle of Philanthropy has compiled a list of salaries and benefits for top executives at the 12 largest United Ways, as identified by United Way of America, and the 18 national non-profits with affiliates that generally receive the most money from United Ways—about 50 per cent of total funds allocated. The most recent salaries available are listed in the accompanying chart, below.

The highest-paid officials at these local United Ways generally receive more than their counterparts at the top national organizations that United Ways support. The average salary for the United Way executives included here was $179,648, compared with an average salary of $129,219 for the heads of the largest United Way beneficiaries.

Salaries at the largest local United Ways ranged

Continued on Page 35

Top Salaries at Biggest Local United Ways and at Charities That Get the Most From United Way

Organization	Top executive	Compensation	Contributions to employee benefit plans
Local United Ways			
Boston	Marian L. Heard, president	$125,000	n/a
Chicago	Virgil H. Carr, president	148,000	$4,603
Cleveland	Jack C. Costello, president	171,798	17,743
Detroit	H. Clay Howell, president	201,490	14,315
Los Angeles	Herbert Carter, president	190,000	19,100
New York City	Ralph Dickerson, Jr., president	243,333	20,553
Philadelphia	Ted L. Moore, president	182,442	12,769
Pittsburgh	William J. Meyer, president	132,432	7,976
St. Louis	Martin B. Covitz, president	175,500	28,721
San Francisco	Thomas Ruppanner, president	161,785	38,331
Tri State[1]	Betty Beene, president	228,000	32,067
Washington, D.C.	Oral Suer, executive vice-president	196,000	35,165
Charities That Receive the Most Aid From United Way			
American Red Cross	Elizabeth H. Dole, president[2]	$200,000	$5,000
Big Brothers/Big Sisters of America	Thomas M. McKenna, national executive director	95,628	8,607
Boy Scouts of America	Ben H. Love, chief scout executive	223,375	7,745
Boys & Girls Clubs of America	Thomas G. Garth, national director	160,000	n/a
Camp Fire Boys and Girls	K. Russell Weathers, national executive director	114,991	0
Catholic Charities USA	The Rev. Thomas J. Harvey, executive director	42,000	8,000
Child Welfare League of America	David S. Liederman, executive director	138,000	0
Council of Jewish Federations	Martin Kraar, executive vice-president	207,645	23,128
Family Service America	Geneva B. Johnson, president	127,583	n/a
Girl Scouts of the USA[3]	Mary Rose Main, national executive director	133,845	21,274
Girls Incorporated	Margaret Gates, national executive director	92,619	0
Goodwill Industries of America	David M. Cooney, president	155,709	16,710
National Mental Health Association	John H. Horner, president	110,000	360
National Urban League	John E. Jacob, president	150,000	n/a
Salvation Army[4]	James Osborne, national commander	14,222	n/a
United Neighborhood Centers of America[5]	Vacant	50,000	n/a
YMCA of the USA	David R. Mercer, national executive director	185,520	22,262
YWCA of the USA	Gwendolyn C. Baker, executive director	124,808	n/a

[1] A federation of 35 United Ways in New York, Connecticut, and New Jersey.

[2] Benefits figure is approximate. Salary effective in February 1992; served first year in office without pay.

[3] Figures are for eight months in 1990.

[4] Salary is shared by Mr. Osborne and his wife, Ruth, who is national president of the Salvation Army women's organizations. They received approximately $50,000 in total benefits, including salary, housing, and a car. Classified as a church by the Internal Revenue Service, the Salvation Army is not required to file an informational tax return.

[5] Salary is estimated amount that new executive director will get.

Source: IRS form 990's, individual charities at all in choosing a successor. I think the worst thing you can do is choose your successor. . . .

Mr. Adams: The second part of that question—the word was used and let's put it right out there, healing—what's being done? What should be done?

Dr. Leffall: I think that what has to be done is those of us on the Board of Governors of United Way of America must speak out and let people know the great job that United Ways do. . . . If there have been some problems, we must address them forthrightly, dynamically, to be sure they're taken care of. . . .

Mr. Aramony: Healing begins with us individually. Healing begins within our own hearts. Healing begins with believing in our own mission and communicating that. . . .

John Jordan, Charleston, S.C.: We would also like to reiterate what Mr. Greenwood said but have one question, sir. He used the term, I think, "resignation." I thought you used the term "retirement." Would you please explain that as it will relate to Mr. Aramony's salary and benefits?

Mr. Aramony: Well, I will be retiring, and I will be receiving the same benefits—there's no golden parachute here—I'm receiving the same benefits as any person with the length of service and the time in service that I have. It's no different than anybody else. . . .

Jay Smith, Atlanta: I'm chair of the United Way board here in metro Atlanta and I've heard now about the changes in personnel policies regarding travel, the chief financial officer placed on leave, and a letter of retirement, all of which I applaud. What I've not heard, quite honestly, is an apology. Do you think, Mr. Aramony that we're owed one?

Mr. Aramony: Well, Jay, you absolutely are. I do apologize for any problems that my lack of sensitivity to perceptions has caused this movement, absolutely, and I do it happily and gladly to you and everybody else. . . .

Johnny Danos, Des Moines: As a volunteer, I certainly appreciate the difficulties the volunteer board has had. However, I'd like to make you aware that your message is not selling well here. I believe we are being seriously damaged by these allegations and this publicity. Some of your independent investigators sound more like PR people, and I'd like for you to clarify just who they are and what their ongoing role is.

The other question I have concerns the spinoff organizations. The response that they are for-profit and their information can't be disclosed sounds evasive. Would United Way of America consider ceasing doing business with these people if they will not disclose information?

We need full disclosure or we are going to be severely hurt in our marketplaces.

Mr. Bernhard: Let me try to answer the second part of the question first. In terms of seeking full disclosure, that is exactly what we are trying to do right now. It is why one of the Big Eight accounting firms has been asked to come in and take a look at both the for-profit entities. . . .

In terms of the investigative group, to the best of my knowledge they have not been involved with United Way previously. They're a very well-known investigative operation, both national and international. They were given no directions other than to find the facts. They were not told how to come out with a solution or a fixed and canned answer. It was an independent effort, and no one sought to control their investigation, which was widespread.

Candace Walton, Milwaukee: Could you address the second half of my first question, which was questioning the hiring practices, . . . and specifically . . . the hiring of and the positions that Bob Aramony has held with several United Way spinoff organizations and now as president of Sales Service?

Mr. Aramony: . . . I actually urged him not to take the job and that he would have been much better off working in the United Way field as a professional and doing his own career. He was prevailed upon by the volunteers. He actually took a one-third salary cut to take the job.

And the test of that is not that he carries my name, if you would. The test is whether he is qualified. He's run a United Way, and during his tenure of three years he doubled the results there. I'm not trying to justify him. . . . The test is the field, you in the country. If the service is not being provided through Sales Service, it's very simple: You do your business elsewhere or you ask his board to fire him.

Charity Chiefs Pressed on Their Salaries

Continued from Page 31

from $125,000 at United Way of Massachusetts Bay in Boston to $243,000 at United Way of New York City.

Leaders of the national non-profits that receive the most United Way money received salaries ranging from $14,222 at the Salvation Army to $223,375 at Boy Scouts of America.

Many of the salary and benefit figures were compiled from information provided in telephone interviews with non-profit officials. Reporters visited those non-profits that refused to provide the information over the phone. Under the law, non-profits must make available for inspection upon request their federal information tax returns, which include compensation and expense-account figures for top-paid officials.

Several non-profit officials bitterly complained about requests for salary information. Some, such as Geneva B. Johnson, president of Family Service America, said it was unfair to publish salaries and benefits of top executives without also including the size of each charity's budget to provide context.

David M. Cooney, president of Goodwill Industries of America, and others said their boards were in the best position to judge what salaries and benefits were appropriate, based on the requirements of their jobs.

—BRUCE MILLAR,
JENNIFER MOORE,
AND GRANT WILLIAMS

IN BRIEF: Managing

New Insurance Company Created for Non-Profits

Several state associations of non-profits have created an insurance company designed to provide charities nationwide with liability coverage at rates that are more stable and, in some cases, lower than those of commercial insurers.

The Nonprofits' Mutual Risk Retention Group will set rates based on indicators that it says most accurately predict the claims risk of charities. Those indicators might include a charity's policies for selecting and evaluating its board of directors or the number of clients it serves.

Commercial insurance companies generally do not differentiate between non-profit and for-profit enterprises when setting liability-insurance premiums. Yet non-profits have long maintained that they file fewer claims with insurance companies than for-profit companies do and that, as long as insurers do not set separate rates for charities, those groups are being overcharged. When liability-insurance rates have periodically soared, some non-profits have been unable to continue paying for coverage.

For more information, contact G. Wayne Harris, Risk Retention Management, 1800 Second Street, Suite 975, Sarasota, Fla. 34236; (800) 533-3097.

Symphony Halts Concerts Because of Money Woes

The Syracuse Symphony Orchestra has canceled all performances through August 31, due to sharp cuts in state government support and a steep decline in corporate contributions.

"We're out of cash," said marketing director Susan Schwartz. The symphony, she said, hopes that ticket holders will take a charitable tax deduction for the value of their tickets instead of seeking refunds.

It was unclear last week whether the board would be able to find enough money to keep a skeleton staff of five people, who had not been paid for more than three weeks. An additional 107 musicians and other employees have already been laid off.

The symphony, which had projected an operating budget of $5.5-million for 1992, ran into serious problems when $575,000 in state funds did not materialize after county and federal support had already been cut, said Ms. Schwartz. The recession, she added, has caused many companies to withdraw or reduce their support.

The symphony would face a deficit of more than $2-million by August if it stayed open, said Ms. Schwartz. But "it's not our intention to go out of existence," she said. "We have not gone bankrupt."

World Scouting Chief Backs Ban on Homosexuals

The secretary general of the World Organization of the Scout Movement, a Geneva-based body that represents Boy Scout organizations from 150 nations and territories, said that Scouting "actively discourages homosexuals" from being members and implied that allowing them to join would invite molestation.

"We don't pronounce ourselves on the pros and cons of homosexuality outside Scouting, but we strongly believe that our Scout youth should not be a hunting ground for homosexuals," Jacques Moreillon said.

Mark Clayton, a spokesman for the world organization, said later that Mr. Moreillon's statement "was in accordance with his understanding of the policy of the Boy Scouts of America" only. Mr. Clayton said that excluding gays "is not a policy of the world organization" or of Scout organizations in many countries.

Boy Scouts of America says that it bars homosexual members because they do not fit the requirements that members be "morally straight" and "clean." The threat of molestation is not an issue, a BSA spokeman said.

AWARDS

The following organizations and people have won awards for their philanthropic efforts:

Business management. The Business Enterprise Trust (Stanford, Cal.) presented its annual Lifetime Achievement Award to J. Irwin Miller, chairman of the Executive Committee at Cummins Engine Company (Columbus, Ohio), for his contributions to responsible business practices and social issues.

Community services. Philanthropic Initiative Inc. (Boston) has awarded six Boston-based neighborhood activists unrestricted grants of $15,000 over three years through its annual Boston Neighborhood Fellows Awards. The winners:

—Anne Burns, who works with women and children with AIDS.

—Gene F. Dalton, a former Boston police officer and current director of the Brooke House Multi-Service Center at Massachusetts Halfway Houses Inc.

—Karen Maund, adviser to the youth branch of the Boston National Association for the Advancement of Colored People.

—Judith McLaughlin, an advocate for mentally ill homeless people who was recently appointed to a state task force on the rights and needs of that population.

—Jaime Rodriguez, a long-time activist in Boston's Puerto Rican community who is currently working with Vietnam veterans suffering from post-traumatic stress disorder.

—Hanh Vinh Tran, senior program advocate for the Refugee Assistance Program of the State Department of Mental Health and a key developer of programs for local Asian young people.

Fund raising and philanthropy. The National Society of Fund-Raising Executives (Alexandria, Va.) has named the Lions Clubs International Foundation (Oak Brook, Ill.) as its 1992 Outstanding Philanthropic Organization. The NSFRE's Arkansas chapter nominated the organization for its local projects, including renovating and underwriting vocational programs for the Lions World Services for the Blind campus in Little Rock, Ark. Several other organizations and people also received NSFRE awards:

—Richard E. Hug (Arnold, Md.), a volunteer fund raiser for several local non-profit organizations, including the National Aquarium in Baltimore and Loyola College in Maryland, was named 1992 Outstanding Volunteer Fund Raiser.

—Jeanne B. Williams, president of Forbes Health Foundation (Pittsburgh), was named 1992 Outstanding Fund-Raising Executive of the Year.

—Alexander Brest (Jacksonville, Fla.), a long-time philanthropist whose accomplishments include developing the Alexander Brest Museum and Gallery and providing land and grants to the University of North Florida, was named 1992 Outstanding Philanthropist.

—Amoco Foundation (Chicago) was named 1992 Outstanding Foundation for its Volunteer Involvement Program and its contributions in the areas of education, neighborhood development, community service, health care, public policy, environmental conservation, and the arts.

—C&S Bank (Fort Lauderdale, Fla.) was named 1992 Outstanding Corporation for its community-involvement and charitable-giving programs in the Broward County, Fla., area.

—Henry A. Rosso and Associates was awarded the 1992 Staley/Robeson/Ryan/St. Lawrence Research Prize for the book *Achieving Excellence in Fund Raising*. Mr. Rosso is the founding director and director emeritus of the Fund Raising School at the Indiana University Center on Philanthropy. The prize carries a $2,000 award.

Public advocacy. The Tides Foundation (San Francisco) has awarded the annual Jane Bagley Lehman Award for Excellence in Public Advocacy to Peg Dobbie, executive director of the National Abortion Rights Action League of New Hampshire, and to James Monteith, chief executive officer of the Western Ancient Forest Campaign. Each award is accompanied by a grant of $5,000.

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OPINION

Commentary and Letters

At United Way, the Easy Way Out Wasn't Easy

By TANYA J. GLAZEBROOK

As he was announcing his retirement from the presidency of the United Way of America, William Aramony told thousands of the organization's staff members and volunteers, "I have been a social worker all my life."

I can only imagine the personal anguish that thousands of social workers across this country must have felt at that moment. Mr. Aramony began his career with social-work values deeply embedded in his soul and character, but he was forced to resign two weeks ago after press reports raised questions about his extravagant spending habits and management practices.

Somewhere along the climb to fame and fortune, Mr. Aramony lost the values of public service. Leadership is not just articulating values, but living them. When professional accomplishments became insufficient rewards, something must have snapped. Some of the nation's most respected and successful charities are now suffering from a major credibility crisis because of an absence of stewardship and an unchecked abuse of power.

MY VIEW

Some of the most respected and successful charities are suffering from a major credibility crisis because of an absence of stewardship and an unchecked abuse of power.

What happened and why is simple to explain. How it happened is more complex.

William Aramony should have enjoyed a much different legacy. He should have been remembered for making United Way a household name, for bringing a new level of professionalism and respect to the non-profit world and instilling it with a vision. Alas, that will not be his legacy. Love him or hate him, no one wanted the end to come this way because the effect has little to do with one man's legacy, but with an institution's loss of public confidence.

As United Ways across the country struggle with the day-to-day battle of damage control, they may have difficulty focusing on the opportunity this tragedy presents. To heal the organization, a cleansing process must occur and many questions must still be answered. Among them:

► How did the nation's best-known charity get out of control?

► Why, when the outcome was inevitable, was United Way of America so reluctant to take pre-emptive action?

► How did a grassroots, locally controlled, and largely volunteer-run organization that prides itself on pluralism, fair and open decision making, accountability, and empowerment come to rest in the hands of one man?

In part, this tragedy occurred because Bill Aramony began to believe his own press. He seemed to believe he *was* the United Way. The entire movement was his creation. He was the voice, the symbol, the image, the driving force, and spiritual leader of millions of people. He believed he could change the world for the better—all by himself. Such a mindset often overtakes leaders of all kinds of organizations, but it always leads to disaster.

United Way leaders around the country knew United Way of America was growing larger, more distant, and less responsive to their view of its role. The environment that once stimulated creativity had started to spurn it. The trade association that local United Ways relied on for advice and assistance had in recent years become less tolerant of differing views, insensitive to the depth of human hurt in the streets, and increasingly reliant on a small circle of Mr. Aramony's most trusted aides.

Although it was obvious that such an environment could foster abuses, local United Ways did little to prevent trouble. In an environment racked with abusive behavior, it is often not easy to act. It is sometimes professional suicide, often emotionally draining, and usually fruitless.

What's more, we have become a society of people who

LETTERS

What Corporate Support of the Arts Is All About

To the Editor:

I would like to respond to the letter of Marie C. Malaro regarding her ill-informed notion of what corporate sponsorship of artistic endeavors is all about ("The Real Issue in the IRS's Bowl-Game Ruling," Letters, February 11). Were she to escape from the protected and much-inbred Beltway, she might find that indeed the protection of cultural endeavors is paramount in the minds and efforts of those of us who seek corporate sponsors for the performing arts.

In the 10 years I have been seeking sponsors of performing-arts activities at Sangamon State University, I have never once allowed an aesthetic or curatorial decision to be influenced, to any degree whatsoever, by a potential sponsor. And I can tell you that in the field of presenting the performing arts, my colleagues share this point of view as a matter of principle.

Ms. Malaro ought to be advised to look to the real world of funding the performing arts and realize that budget balancing comes from working hard to juggle multiple resources including both private and public. Her description of a "third sector" in our society is naïve and as narrow-minded as her view that the world exists as either profit, or not. There is a delicate funding mix here, and any academic in a museum-studies program ought to get out of the classroom and see how her colleagues are suffering declining postal subsidies, a threatening IRS, narrow unrelated-business-income-tax definitions, strained economies, declining funding for the arts, and a horrific trend to intolerance of things different. Perhaps Marie, Ronald Reagan, and George Bush could band together and reverse this last decade of disastrous sliding to mediocrity that the latter two have precipitated. After cutting funding to the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services, the same policy makers are now beginning to dismantle the underpinning authority that has allowed us to seek private support necessary to supplant government sources they have undermined. Marie is welcome anytime to come see how we're trying to hold it all together without selling our curatorial souls.

John Dale Kennedy
Director
University Auditorium
Sangamon State University
Springfield, Ill.

Charities' rights in an estate

To the Editor:

In a February 11, 1992 opin-

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HOW MUCH SHOULD CHARITIES PAY?

United Way of America case has forced non-profits to explain how they set executive salaries; some call that discussion overdue

By STEPHEN G. GREENE

SALARIES OF NON-PROFIT EXECUTIVES have become matters of national attention, threatening to fuel the kinds of expressions of envy, interest, or outrage usually reserved for the compensation of ballplayers, legislators, or Fortune 500 corporate executives.

Some officials suggest that only greater candor and vigilance by non-profits, including being clearer about how compensation decisions are made, can forestall action by Congress, state legislatures, and regulatory agencies to curtail abuses.

The Internal Revenue Service believes that unreasonable compensation is a serious problem among tax-exempt organizations, says Jay H. Rotz, a top official in the IRS Exempt Organizations Technical Division. His agency's approach, he adds, is to try to insure that boards of directors understand just how much they are paying their executives—whose compensation packages can sometimes be complex and difficult to decipher.

"The service isn't going to look the other way," says Mr. Rotz.

Officials at some non-profits deplore the recent public scrutiny, which followed revelations about the compensation of William Aramony, then president of the United Way of America. Those officials fear that reports about salaries will depress contributions to charities already trying to cope with problems exacerbated by the economic recession. They also fear that, as individual salaries are more widely known, unhappiness and resentment among staff members will complicate internal management issues.

"I'm concerned that the people our agency serves will be hurt by this," says Geneva Johnson, president of Family Service America in Milwaukee. "The very person who decides not to give to United Way might be the next person who needs marital counseling or help for a pregnant teen-age daughter."

She adds: "Our whole country is caught up with $463,000 [the compensation package paid to Mr. Aramony]. I hurt that this one thing is doing so much damage at a time when the private sector is filling so many needs that the government is not."

Other observers see a frank discussion of non-profit salaries as long overdue. They hope the result will be a firm new demarcation of the boundary between for-profit and non-profit enterprises, and redoubled efforts by board members to take an active part in overseeing the financial and ethical performance of non-profit organizations.

"My hope," says Jon Pratt, who directs the Minnesota Council on Nonprofits, "is that some of the good that comes out of this is strengthening the reform side of the non-profit sector—and the willingness to ask questions."

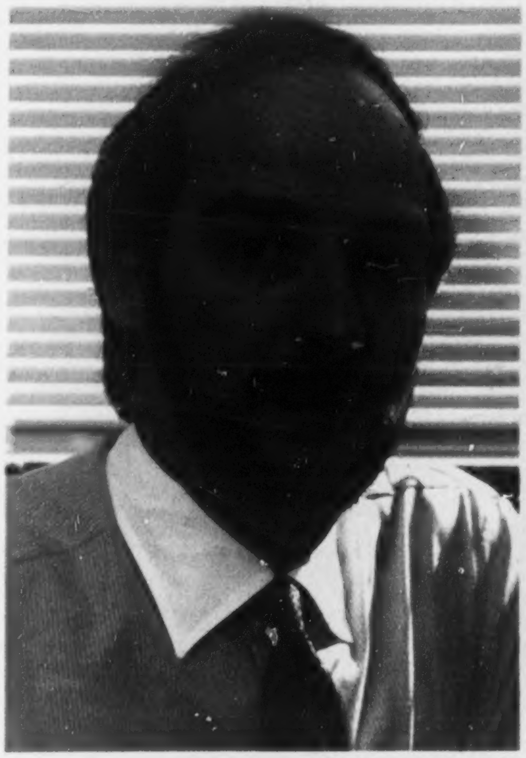
Few Raises Are Likely This Year

Even those who welcome the scrutiny fear that one effect—in the short term, at least—will be to curtail raises for top non-profit executives.

Says Kenneth L. Albrecht, president of the National Charities Information Bureau: "If you're the head of a big organization and haven't had a salary increase this year, you're probably not going to get one—and that's not right, either."

The compensation of executives at non-profits

Continued on Page 32



JOHN DOLAN, FOR THE CHRONICLE

Executive-search consultant David Edell: Non-profit leaders deserve high pay because "their job requires them to be spokespeople, labor negotiators, fund raisers, and fiscally responsible managers."

FRED MERTZ, FOR THE CHRONICLE

Shalan Foundation's Catherine Lerza: "It's imperative that non-profits figure out reasonable salaries, health insurance, and pension plans that make it possible for people to stay in a non-profit career."

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EUGENE SLYMAN, FOR THE CHRONICLE

Help for Young Offenders

Charities are trying new methods to keep young people out of jail. Above, a college student tutors one such youth. Story on Page 6.

Getting Big Gifts

At San Diego's Scripps hospitals, major donors provide most of the donations and get special privileges. How They Do It: Page 18.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Fund Raising

18 San Diego's Scripps Memorial Hospital Foundation raises most of its money by going after major gifts (How They Do It).

22 The number of minority fund raisers is increasing, but blacks in the field get less-generous fringe benefits than their colleagues do.

22 Female fund raisers want a bigger role in the field's largest professional organization.

34 Rival fund-raising federations are finding more to worry about than to cheer in the recent problems faced by United Way.

25 Stanford University has successfully completed the largest capital campaign ever, raising $1.25-billion.

25 The Easter Seal Society's annual telethon brought in $46-million.

25 Non-profit theaters have begun a campaign to raise $5-million from corporations.

25 Seattle's United Way had to drop plans for special aid to minorities and recent immigrants after the number of earmarked donations rose unexpectedly.

25 A Maryland law barring coercive fund raising doesn't apply to United Way, a state court has ruled.

24 In a Father's Day event, construction workers will try to raise $2-million for a Miami diabetes institute (Ideas).

25 Update on campaigns for endowments and capital improvements.

11 Texas A&M University has received land valued at $52-million; other recent gifts.

25 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Volunteers

24 A Virginia group uses press releases to recruit volunteers (Ideas).

10 Points of Light 708 to 719 were named by the Bush Administration.

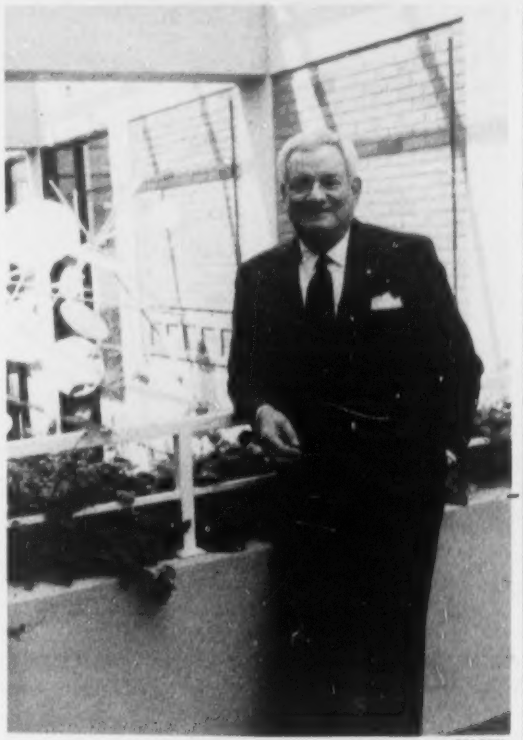
About Education

11 More than 700 networks of schools, foundations, think tanks, and other non-profits have applied for grants from an organization created by several major corporations to push for reform of the nation's schools.

10 Five foundations will provide more than $2-million to train public-school superintendents.

10 A DeWitt Wallace–Reader's Digest Fund grant will establish a new program to aid middle-school students.

23 Fund raisers at private schools are missing out on opportunities to win foundation grants, says the head of one foundation.



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6 Foundations that deal with criminal-justice issues are giving increased attention to women and young people, whose presence in correctional facilities is on the rise.

10 The Annie E. Casey Foundation will award $28.2-million through two new grant programs aimed at improving state services for poor children.

10 Ontario's Richard Ivey Foundation has added two new environmental programs.

17 The Ewing Marion Kauffman Foundation has started a new center to train entrepreneurs.

12 A Skillman Foundation grant will support a program to help older adults who face a new responsibility: raising their grandchildren.

12 Recent grants by foundations, corporations, and other grant makers.

Of Special Interest to Board Members

1 **The salaries paid to non-profit chief executives—and how they are set—have moved into the national spotlight.**

35 **A bitter struggle among board members of the organization U.S. English, which seeks to make English the country's official language, has become public.**

41 **The United Way of America case shows again that boards are ineffective watchdogs for non-profits, says columnist Waldemar A. Nielsen.**

About Managing Non-Profits

1 The national attention being given to salaries of top non-profit executives has some charity leaders worried. They are afraid a loss of public confidence may cut into donations, encourage increased government regulation, and make it harder to increase the generally low salaries of most non-profit workers.

26 Although non-profit executives' salaries have been public information for five years, many organizations provide the data reluctantly.

27 Critics to the contrary, the new interim president of United Way of America says his ties to the organization's board chairman will help, not hinder, his ability to deal with the group's problems.

34 United Way of America has cut off the annual compensation package of its former president, William Aramony.

35 The organization U.S. English, which seeks to make English the official language of government, is in turmoil following the departure of several top officials.

37 A federal judge in Chicago has ruled that the Boy Scouts of America is not bound by federal anti-discrimination laws in deciding who may or may not join the organization.

10 A New York non-profit has folded a magazine it was publishing to encourage people to become involved in charity.

36 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

Also In This Issue

36 **Tax Watch:** A tough stance on charity electioneering, a ruling involving the unrelated-business income tax, setting the value of a painting, and guidance for a study of fund raising.

40 **Opinion:** The views of three commentators on the aftermath of the United Way of America controversy.

40 **Letters** on how foundations should tackle social problems, on giving the public a return on its investment, and on legal services for the poor.

Corrections

► A table showing how federal rules for public charities and pooled common funds differ (February 25) incorrectly described two requirements for the common funds. Such funds must give away all of their adjusted net income to qualified charities each year. Individual donors who contribute to the funds can take a tax deduction for the full fair market value of gifts of appreciated property—such as stock and bonds and real estate—of up to 30 per cent of their adjusted gross income, unless they are subject to the alternative minimum tax.

► An article on a survey of members of the Southern California Association for Philanthropy (February 11) gave an incorrect price for copies. The price is $8.50, postpaid.

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Fund Raisers Found to Be More Racially Diverse, but Blacks' Benefits and Women's Salaries Lag

By HOLLY HALL

SAN FRANCISCO

More and more fund raisers come from varied ethnic and racial backgrounds, but blacks in the field receive less-generous fringe benefits than their colleagues do, according to a new survey.

Preliminary findings of the survey, conducted by the National Society of Fund Raising Executives, were released at the organization's annual conference here. The data also show that:

► Woman fund raisers continue to earn less than men. They outnumber men in the field, and the female majority is growing.

► Fund raisers are entering the field at younger ages.

► Fewer fund raisers are meeting their annual monetary goals.

► Fund raisers are working fewer hours than they were four years ago, the last time the survey was conducted.

The survey was completed by 1,557 of the society's 12,644 members.

More Minority Fund Raisers

The number of blacks and other minority-group members in fund raising appears to be growing dramatically. Blacks, American Indians, Asian Americans, and Hispanics made up 10.7 per cent of the respondents in this year's survey, up from 2.7 per cent in 1988 and 1.8 per cent in 1985.

While this year's data have yet to be fully analyzed, the disparity between the benefits provided to black fund raisers and members of other ethnic or racial groups is clear and is the most disturbing finding to emerge so far, said George J. Mongon, a member of the society's board who conducted the survey. Mr. Mongon is a fund-raising consultant at Staley/Robeson/Ryan/St. Lawrence in Cincinnati.

He said this was the first survey that had provided the society with enough information to determine how benefits compare between racial and ethnic groups.

Compared with all other fund raisers, blacks were less likely to have health, major-medical, dental, and disability insurance; professional dues; club memberships; and prescription-drug benefits paid in full by their employers.

Black fund raisers have spent, on average, more than seven years in the field; 80 per cent earned more than $33,000. But their benefits were skimpier than those of fund raisers who earned under $33,000 and those who had less than three years of experience, Mr. Mongon said.

He speculated that one reason blacks may be getting less-generous benefits is that a high proportion may work in traditionally black or other ethnic institutions, which some fund raisers say have lagged behind other non-profits in providing employee benefits.

"Personally, I hope reporting this information to you causes a change for the better," Mr. Mongon told the fund raisers gathered here. "This is not right."

The increasing number of women in fund raising is clear: 58 per cent of the fund raisers responding to this year's survey were female, compared to 52 per cent in 1988, when women first became the majority.

Female fund raisers earned an average of $40,000 annually, while men earned significantly more—$52,000 on average.

A greater proportion of women than men—34.7 and 10.4 per cent, respectively—made $33,000 per year or less. Nearly 70 per cent of the men made between $33,000 and $75,000, compared with 61.4 per cent of the women.

Only 3.6 per cent of female fund raisers earned $75,000 to $115,000, while 16.5 per cent of their male colleagues did. And 0.3 per cent of the women earned more than $115,000, while 3.7 per cent of the men made that much.

The salary gap between the sexes may be less pronounced when fund-raising experience is taken into account, said Mr. Mongon.

"Pay tends to increase with experience, and females are still less likely than men to have 10 or more years of experience in the field," he said.

Female respondents were about as likely as males to receive bonuses, but the men were more likely to get a higher percentage of their salary in bonus pay. Men outnumbered women in getting bonuses that were 9 per cent or more of their salaries, while more females got 8 per cent or less.

Another demographic change revealed by the survey: Most respondents said they were under 30 when they took their first fund-raising job; in 1988, most were 30 to 34 years old when they entered the field.

That people are entering fund raising at younger ages suggests "our profession is becoming better recognized as a legitimate career track by the population at large," Mr. Mongon said.

Trouble Meeting Goals

Compared with 1988, more development officers said they were not meeting their fund-raising goals. In 1988, more than one-third of the respondents said they had reached or exceeded their goals in the preceding five years. This year, only 20 per cent made that claim. More than a quarter of this year's respondents said they had been unable to attain their goals for even two of the preceding five years.

"From the statistics, we can see that fund raising is harder than ever before," Mr. Mongon said. "Between increased needs of organizations and decreased ability of many donors to make gifts in hard economic times, fund raisers are being challenged more."

Thirty-four per cent of the respondents said they were involved in a capital campaign, down from more than 40 per cent four years ago.

Fund raisers worked fewer hours than survey respondents in the 1980's. In 1985, 10 per cent worked 70 hours per week or more; this year, only 2 per cent did.

Even so, slightly more than 25 per cent of fund raisers put in an extra hour each day, while about 30 per cent worked two extra hours daily.

As in 1988, the majority of respondents worked alone or in offices with no more than two other fund raisers. Almost 35 per cent worked alone, while another 37 per cent worked in a small office.

Higher Salaries for Job Switchers

Mr. Mongon said that, up to a point, fund raisers who change jobs have higher salaries than do those who remain in the same position. After working for five different non-profits, however, a fund raiser was likely to see a decrease in salary, he said.

Fund raisers earning more than $115,000, for example, were most likely to have had between three and five employers. But no fund raiser who had worked for seven or more organizations made that much, Mr. Mongon noted.

Fund raisers are donating a lot less to charity, said Mr. Mongon. Thirty per cent of the fund raisers gave more than $1,000 to religious causes, down from 50 per cent in 1988. The average gift decreased from $1,700 in 1988 to about $450. Fund raisers gave an average of $650 to non-religious causes, down from $1,505 in 1988.

Compared with 1988, about the same number of fund raisers volunteered their time to charities other than their employer, but the amount of time they gave decreased. About 78 per cent of fund raisers volunteered their time to other non-profits, down slightly from 80 per cent. But only 2 per cent gave 15 hours or more per month, compared to 7 per cent in 1988.

A full report of the survey findings is expected to be released next month. It will be mailed to NSFRE members. Non-members may purchase a copy for $15. For more information, call the NSFRE sales and marketing department at (800) 666-3863.

Fund Raisers: a Statistical Profile

Sex and Race

	Men	Women	Non-white	Native American	Black
1985*	51.0%	43.0%	1.8%	0.3%	1.1%
1988*	47.0	51.0	2.7	0.8	1.5
1992*	40.8	57.6	10.7	4.4	3.1

Income

	Men	Women	Non-white	All	Receive bonus
Under $33,000	10.4%	34.7%	22.5%	24.0%	8.6%
$33,000-$74,999	69.4	61.4	69.4	63.6	12.1
$75,000-$115,000	16.5	3.6	7.5	8.9	19.3
Over $115,000	3.7	0.3	0.6	1.7	50.0

Fringe Benefits

	Men	Women	Black	Native American	All
Health insurance	48.9%	48.0%	26.7%	46.8%	48.5%
Tuition reimbursement	47.7	30.9	43.9	47.2	37.8
Professional dues	86.9	78.2	66.7	86.9	81.7
Major medical	46.8	42.9	28.9	40.4	44.8
Club memberships	46.6	38.9	37.8	58.8	42.0
Dental	32.2	29.8	19.5	39.3	31.1
Pharmacy/ prescription	24.0	23.3	19.5	24.5	23.8
Travel reimbursement	90.3	78.4	86.4	88.3	83.2
Eye coverage	16.4	15.2	18.4	12.2	15.9
Car/mileage	73.4	64.8	76.7	75.4	68.4
Disability	52.9	49.5	31.0	49.1	50.8

Years in Fund Raising

	Men	Women	All
Under 3 years	9.2%	17.2%	13.6%
3-4 years	8.9	14.2	12.0
5-9 years	23.2	32.4	28.3
10-14 years	24.0	20.7	21.8
15-19 years	12.9	11.3	11.9
20 or more years	21.7	4.2	11.2

Number of Professional Colleagues

	Men	Women	All
None	29.6%	39.0%	34.6%
1-3	39.5	35.7	36.9
4-7	16.6	11.9	13.5
8-12	5.2	5.1	5.1
Over 12	9.0	8.4	8.4

Note: All figures are for 1992 unless indicated otherwise.
* Some respondents did not indicate sex and/or race.

SOURCE: National Society of Fund Raising Executives

Fund Raisers' Group Accused of Slighting Women

SAN FRANCISCO

Some women are accusing the National Society of Fund Raising Executives of not doing enough to put females in top leadership jobs. The critics say the society, which represents more than 12,000 fund raisers, will be stymied in its efforts to improve working conditions for women unless it puts more of them on its board.

Nearly 60 per cent of the organization's members are women, and the top staff job at the society is held by a woman, Patricia F. Lewis. However, the critics note that only a dozen of the society's 35 trustees are female and only three serve on its executive committee.

Ms. Lewis, the society's president and chief executive officer, defended the organization against charges of sexism.

When she was named to the society's board in 1985, she said, "I was impressed that so many women served in strong leadership capacities as officers and chairs of major committees."

Marianne G. Briscoe, an NSFRE board member and vice-president for advancement at Saint Mary's College of California in Moraga said the organization needed more women in key board slots so it could "take leadership on the issue of the status of women in the profession. If we don't do a good job of that in the society, we can't speak out about this to the public. Our credibility would be enhanced if we addressed this."

Special Meeting

Over two dozen female members of the society held a special meeting to discuss the issue of representation on the board during the group's annual meeting here. The women said they had decided they needed to speak out about their concerns after the board voted to put two men in charge of its executive committee. The two men are John S. Lore, senior vice-president of the St. John Health Corporation in Detroit, who was named chair-elect, and George J. Mongon, a consultant at Staley/Robeson/Ryan/St. Lawrence in Cincinnati, who was named vice-chair for professional advancement.

"I think it is important that women play a stronger role in the society in these positions," said Sandra A. Adams, a member of the society's board and chief development officer at the American Nurses' Association in Washington.

Mr. Mongon said the reason for the lack of women on the board might have to do with the fact that more men hold senior fund-raising jobs and females tend to have less fund-raising experience than men. However, he acknowledged that the woman critics "certainly have a point." —HOLLY HALL

6

Private Schools Said to Miss Opportunities to Win Support From Grant Makers Eager for New Ideas

By HOLLY HALL

SAN FRANCISCO

Fund raisers at private schools are missing new opportunities to gain corporate and foundation support for their institutions, says at least one foundation president.

Dennis A. Collins, who heads the James Irvine Foundation here, told school leaders gathered for the annual meeting of the National Association of Independent Schools that foundation and corporate officials are more likely to be open to proposals from independent schools than ever before.

While many grant makers have spent years trying to spur education reforms by concentrating on the public schools, some foundation and corporate-giving officers have been frustrated by the difficulties involved in overhauling large government bureaucracies, Mr. Collins said.

Conference Notebook

Private schools should take greater advantage of this situation, he said, by advancing programs to help solve persistent educational problems related to cultural diversity, quality of teaching, curricular design, and other such issues.

Some foundation officials regard private schools with suspicion, Mr. Collins acknowledged. They believe that problems in public education would be less severe if private schools had not siphoned off private gifts and the best students from public schools, he said.

But private schools, which were instrumental in creating the Advanced Placement Program (in which secondary-school students take college-level courses), innovations in the way mathematics and science are taught, and many other ground-breaking programs, could improve the quality of education by collaborating with public schools, instead of competing with them, Mr. Collins said. Private schools, with their small classes and their ability to take risks, may be attractive to grant makers as a reservoir of fresh ideas, he added.

However, too few fund raisers at private schools promote their schools that way, he said, and their money-winning techniques lag behind the strategies used by other non-profits.

Fund raisers at private schools, said Mr. Collins, "come off less well among those competing for grants." He said that more private-school leaders and fund raisers need to learn to:

► Communicate their schools' accomplishments and demonstrate that they are valuable resources that serve a wide range of people.

► Collaborate on efforts to solve social problems with other private and public agencies, including public schools. Many foundations would like to support cooperative arrangements between public and private schools, said Mr. Collins.

► Cultivate relationships with foundation and corporate-giving officials, which could mean holding off on requests for money and offering knowledge and expertise on educational issues to grant makers, many of whom are being asked to talk about education.

► Become less competitive in fund raising and begin cooperating with each other. "Fund raisers don't get together to discuss initiatives," said Mr. Collins. "Others in cultural and other development work do, and they've learned a lot. Independent schools need to do more of this."

■

Fund raisers at independent schools are earning a median salary of $40,375—meaning that half earn more or half earn less—during the current academic year, according to a new study conducted by the association. That represents a 5.6-per-cent gain over last year's median salary, which was $38,075. The increase is more than the rate of inflation, which was 3 per cent last year.

The growth in salaries is "a clear reflection of the importance and potential of voluntary support to these institutions," said Helen Colson, a development consultant to the association.

The salary findings are based on an annual survey of 610 schools.

The highest salaries were found on the East and West Coasts. Secondary schools paid more than elementary schools, and boys' schools paid more than either girls' or coeducational schools.

The survey findings are included in *NAIS Statistics 1991-1991: Tuitions, Teacher and Administrator Salaries*. The publication costs $10 for members and $50 for non-members, plus $2 for postage and handling. For a copy, write to NAIS, 75 Federal Street, Boston 02110.

■

Part-time development directors and heads of independent schools who divide their time between fund raising and other duties should focus first on annual-giving and major-gift programs, because those yield the most revenue, Ms. Colson told officials at the meeting.

About a quarter of independent schools don't have full-time development officers, she noted.

But "everyone needs a development staff; you've got to have it," Ms. Colson said. "Those who don't should start to plan for one right away. The head can't do it alone."

After getting annual-giving and major-gifts programs under way, "put everything else—special events, foundations, alumni relations, and publications—in the proper perspective," she said. Special events often take too much time, considering how little money they bring in, she said, so she suggested using volunteers to run those activities.

In addition, she advised schools with little professional fund-raising help to recruit parents with journalistic, fund-raising, or public-relations experience to help with alumni relations and publications.

"Keep publications and alumni relations simple," Ms. Colson said. "Think in terms of one letter to alums and one reunion, instead of several gatherings."

Seeking grants from foundations is not cost-effective for busy school chiefs or part-time fund raisers because it is too time-consuming, said Ms. Colson. "Private schools should hold off on grant seeking until they have a smoothly running development office in place," she added.

When an independent school decides to hire its first fund raiser, it should keep in mind that directors of development often make the third highest salary in the school, said Ms. Colson.

Small development offices often overlook research on prospective donors, but even a lone fund raiser should be doing as much as possible to find out about potential donors' interests, educational backgrounds, and financial resources, Ms. Colson said. If time is limited, she said, concentrate research on one to four people who are likely to make big gifts.

Conducting research and building a good relationship with donors can take a year or longer, she said. Fund raisers at independent schools, she added, need to remember that "raising money is 90 per cent preparation and 10 per cent solicitation." —HOLLY HALL

Salaries of Fund Raisers at Private Schools

Type of school	Median
Boarding	$36,000
Boarding–day	43,000
Day	40,000
Day–boarding	42,412
Girls'	41,020
Boys'	47,000
Coed	40,000
Elementary	34,750
Elementary/secondary	42,000
Secondary	42,000

School size	Median
Under 201 students	$32,500
201-300	35,000
301-500	42,000
501-700	47,950
Over 700	52,250

Region	Median
New England	$42,000
East	42,000
Middle Atlantic	38,000
Southeast	38,347
Midwest	38,125
Southwest	36,000
West	44,329
All schools	**$40,375**

SOURCE: National Association of Independent Schools

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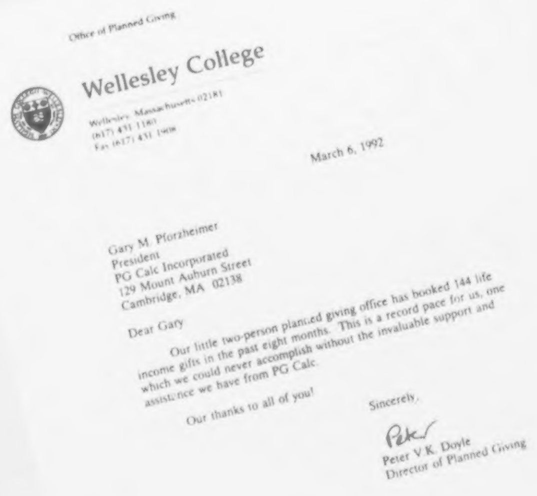

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IN BRIEF: Fund Raising

Stanford Ends $1.25-Billion Fund-Raising Drive

Stanford University raised more than $1.25-billion in its five-year Centennial Campaign, believed to be the largest fund drive ever completed by a non-profit organization. The university had set a goal of $1.1-billion.

The campaign received gifts of at least $1-million from 231 people and increased the university's endowment by $342.9-million.

While the campaign exceeded its overall dollar goal, some targets were not met. Richard Bennett, associate campaign director, said the university "didn't find any donors who were interested in" a $1.5-million effort to refurbish the Meyer Undergraduate Library, and that an effort to raise $5-million for arts-education programs collected just $400,000.

United Way Changes Plans After Dip in Unrestricted Aid

An unexpected spurt in donor-designated contributions has forced Seattle's United Way to scrap plans for a special distribution of funds for programs serving minorities and recent immigrants.

Last year the United Way of King County solicited proposals from local agencies, including small and emerging organizations, for programs intended to "serve the changing demographic needs of our communities." It anticipated having $1.2-million available for the program, which it called New Targeted Support.

The agency received requests totaling $5-million, and went on to raise $45.6-million in its campaign, slightly more than its goal.

But donor-designated contributions grew twice as fast as the United Way anticipated—to $8.6-million earmarked for 761 agencies. The result was that much less unrestricted money was available. Rather than reduce the amount of money it could give to the 147 non-profit organizations it supports, the United Way decided to finance none of the New Targeted Support proposals.

Donor-designated gifts to United Way of King County have grown from $5.6-million in the $38.5-million 1989 campaign—or less than 15 per cent of all gifts—to just under 20 per cent in the most recent campaign.

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

April 1991	9.6%
May	9.6
June	9.6
July	9.6
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0

SOURCE: PG Calc Inc.

Easter Seal Group Raises $46-Million With Telethon

The National Easter Seal Society's 21st annual telethon raised a record $46-million this month in pledges from individuals and corporations.

The telethon raised $3-million more than last year's broadcast, an increase of 6 per cent. Corporate contributions jumped from $19.5-million to $24.5-million.

One official attributed the 20-per-cent increase in corporate support to the society's Social Responsibility Marketing program, which goes beyond seeking financial support from companies and has involved getting corporations to give jobs to disabled people.

Drive to Raise $5-Million Announced by Theaters

A consortium of non-profit theaters has begun a campaign to raise $5-million from national and local corporations.

To date, eight national and international corporations have pledged $500,000 to the Leadership Campaign for American Theatre. After $2.5-million has been raised, the 10 participating theaters will seek the same sum from companies in their local areas. The local gifts will be matched by disbursements from the national fund.

The campaign is being coordinated by the New York–based National Corporate Theatre Fund, which was created in 1978 to encourage corporate support of non-profit theaters.

Coercion Law Doesn't Apply to United Way, Court Rules

A Maryland law that prohibits companies from coercing their employees to make donations to certain organizations does not apply to the United Way, the Court of Appeals of Maryland has ruled in a split decision.

A Maryland statute makes it illegal "to engage in any act or conduct for the sole purpose of coercing or intimidating another person to contribute, or donate any goods, materials, services, or moneys to any social, economic, or political association or organization."

In a 5-2 decision, the court majority said that "no relevant written legislative history" exists to shed light on what state lawmakers intended the definition of "social, economic, or political" to cover when they wrote the statute.

However, the court said that the "usual and natural" meaning of those words would not encompass the United Way.

In a dissenting opinion, two judges said the court majority was "giving an ultra-narrow construction to the language of the statute" that was inconsistent with the legislature's obvious effort to stop coercion of employees.

The case arose when a Maryland woman, Lucille Ball, sued her former employer, United Parcel Service, in federal court, claiming that she was unlawfully fired because she refused to comply with the company's directive to donate part of her time and wages to the company's United Way drive. The company said she was fired for other reasons.

The federal court asked the state Court of Appeals for an advisory ruling on the meaning of the Maryland law.

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Archdiocese of Omaha	Jan. 1991	Jan. 1997	$25,000,000	$26,400,000
Colorado School of Mines	July 1989	June 1994	60,000,000	38,000,000
Duke U. (N.C.)	Oct. 1982	Dec. 1991	400,000,000	565,000,000
Foundation for the Mid South (Miss.)	Summer 1990	Feb. 1992	3,000,000	3,003,000
Stanford U. (Cal.)	Feb. 1987	Feb. 1992	1,100,000,000	1,255,000,000
Studio Theatre (D.C.)	March 1992	March 1994	3,750,000	1,000,000
United Church of Christ (Ohio)	Sept. 1991	Aug. 1996	30,000,000	550,000
Wayne State U., Journalism Institute for Minorities (Mich.)	Jan. 1990	Feb. 1992	1,000,000	1,182,000

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Compensation for Top Executives at Selected Non-Profits

Human-Services Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
American Red Cross (Washington)	Elizabeth H. Dole, president[1]	$200,000	$5,000	—	$1,400,000,000	1991
Catholic Charities USA (Alexandria, Va.)[4]	The Rev. Thomas J. Harvey, executive director	51,088	6,158	0	3,185,108	1990
Council of Jewish Federations (New York)	Martin Kraar, executive vice-president	207,645	23,128	30,190	43,273,029	1990
Covenant House (New York)	Sister Mary Rose McGeady, president	99,231	0	0	53,787,136	1991
Family Service America (Milwaukee)	Geneva Johnson, president	127,583	—	—	8,874,000	1990
Goodwill Industries of America (Bethesda, Md.)[4]	David M. Cooney, president	155,709	16,710	14,000	5,958,872	1990
Habitat for Humanity International (Americus, Ga.)	Millard Fuller, president[2]	14,345	0	0	20,847,351	1990
Planned Parenthood Federation of America (New York)[4]	Faye Wattleton, president[2]	200,000	7,736	0	44,855,056	1990
Salvation Army (Alexandria, Va.)	James Osborne, national commander[3]	14,222	—	—	1,215,463,189	1990
Second Harvest (Chicago)[4]	Christine Vladimiroff, president	92,862	—	—	2,659,532	1990
United Jewish Appeal (New York)	Stanley B. Horowitz, president[2]	219,364	22,786	0	426,576,327	1990
YMCA of the USA (Chicago)	David R. Mercer, national executive director	185,520	22,262	—	1,438,455,518	1991
YWCA of the USA (New York)[4]	Gwendolyn C. Baker, executive director	124,808	—	—	8,843,208	1991

Health Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
American Cancer Society (Atlanta)	William M. Tipping, executive vice-president[2]	$208,231	$2,348	0	$356,404,566	1990
American Heart Association (Dallas)	Dudley H. Hafner, executive vice-president	246,000	38,846	0	288,489,000	1991
American Lung Association (New York)	John R. Garrison, managing director	195,000	9,721	0	121,042,885	1991
Arthritis Foundation (Atlanta)	Clifford M. Clarke, president	155,194	0	0	76,617,248	1990
Epilepsy Foundation of America (Landover, Md.)	William M. McLin, executive vice-president	163,760	19,612	0	31,890,921	1990
March of Dimes Birth Defects Foundation (White Plains, N.Y.)	Jennifer L. Howse, president	161,035	—	—	124,423,000	1990
Muscular Dystrophy Association (Tucson, Ariz.)	Robert Ross, executive director	284,808	2,817	34,571	118,819,046	1990
National Easter Seal Society (Chicago)	James E. Williams, Jr., president	143,499	11,336	0	284,196,789	1991
National Mental Health Association (Alexandria, Va.)	Preston J. Garrison, executive director[2]	78,898	12,948	0	1,530,097	1990
National Society to Prevent Blindness (Schaumburg, Ill.)	Robert Bolan, executive director	76,214	1,999	0	10,761,123	1991

Universities

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
Columbia University (New York)	Michael I. Sovern, president	$313,000	—	—	$970,665,000	1990
Duke University (Durham, N.C.)	H. Keith H. Brodie, president	266,750	59,752	0	942,334,352	1990
Harvard University (Cambridge, Mass.)	Derek C. Bok, president[2]	199,986	26,784	—	1,310,825,397	1990
Johns Hopkins University (Baltimore)	William Richardson, president[5]	275,671	49,228	0	1,279,162,000	1991
Stanford University (Cal.)	Donald Kennedy, president	231,000	63,760	0	1,266,152,000	1990
University of California at Berkeley	Chang-lin Tien, chancellor	175,000	1,166	0	582,144,000	1992

Relief and Development Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
Africare (Washington)	C. Payne Lucas, executive director	$68,601	0	0	$13,218,124	1991
AmeriCares Foundation (New Canaan, Conn.)	Stephen M. Johnson, president	95,000	6,871	0	53,368,778	1990
Christian Children's Fund (Richmond, Va.)	Paul F. McCleary, executive director	128,077	—	—	102,959,701	1991
Compassion International (Colorado Springs)	The Rev. W. H. Erickson, president	91,232	9,123	1,800	45,080,949	1991
CARE (New York)	Philip Johnson, president	137,103	0	0	337,803,000	1991
Feed the Children (Oklahoma City)	Larry Jones, president/director	85,601	9,545	18,470	73,545,627	1990
Lutheran World Relief (New York)[6]	Norman E. Barth, executive director	50,999	9,473	0	92,524,571	1990
Save the Children Federation (Westport, Conn.)	James J. Bausch, president[7]	204,593	44,492	0	97,846,236	1991
World Concern (Seattle)	Frederick Gregory, executive director	64,379	4,221	3,600	11,836,525	1990
World Vision (Monrovia, Cal.)	Robert Seiple, president	102,000	1,275	49,040	215,515,930	1990

Arts and Cultural Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
Art Institute of Chicago	James N. Wood, director	$236,642	$13,029	$1,000	$100,454,846	1991
Brooklyn Museum (N.Y.)	Robert Buck, director	135,000	—	0	18,142,661	1990
The Carnegie (Pittsburgh)	Robert C. Wilburn, president	155,223	11,187	20,183	54,360,727	1990
John F. Kennedy Center for the Performing Arts (Washington)	Ralph Davidson, chairman[2]	130,911	0	0	61,444,381	1990
KCET (Los Angeles)	William H. Kobin, president	220,470	21,994	2,879	35,095,477	1990
Lincoln Center for the Performing Arts (New York)	Nathan Leventhal, president	275,000	30,015	0	75,871,700	1991
Los Angeles County Museum of Art	Earl Powell, III, director	275,482	—	48,638	34,961,833	1990
Memphis Orchestral Society	Alan Balter, music director and conductor	75,000	0	4,200	2,556,885	1990
Metropolitan Museum of Art (New York)	Philippe de Montebello, director	171,766	0	43,000	183,041,594	1991
Music Center of Los Angeles County	Sandra A. Kimberling, president	154,973	38,165	2,400	14,437,113	1991
National Gallery of Art (Washington)	J. Carter Brown, director	195,000	73,055	0	86,455,091	1991
New York City Opera	Christopher Keene, general director	210,000	—	0	20,981,000	1990
New York Philharmonic	Allison Vulgamane, acting managing director[8]	108,135	—	—	31,958,965	1991
New York Public Library	Timothy S. Healy, president	149,589	450	0	166,921,822	1990
Ronald Reagan Presidential Foundation (Los Angeles)	Robert A. Higdon, Jr., director of finance	95,000	2,339	—	15,294,587	1990
San Francisco Symphony	Peter Pastreich, executive director	220,232	0	0	28,118,796	1990
Smithsonian Institution (Washington)	Robert McC. Adams, secretary	146,309	14,121	0	251,923,072	1990
Statue of Liberty–Ellis Island Foundation (New York)	Stephen A. Briganti, president[9]	218,398	29,748	0	21,091,748	1991
Thirteen/WNET (New York)	William F. Baker, president	204,356	61,307	0	104,649,048	1990
U.S. Holocaust Memorial Council (Washington)	Jeshajahu Weinberg, director	200,000	—	—	25,785,610	1991
WETA (Washington)	Sharon P. Rockefeller, president[10]	80,865	5,577	0	35,122,749	1990
WTTW (Chicago)	William McCarter, president	151,106	15,896	—	35,710,772	1990

Youth Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
Boy Scouts of America (Irving, Tex.)[4]	Ben H. Love, chief scout executive	$223,375	$7,745	$21,238	$88.665,049	1990
Boys and Girls Clubs of America (New York)[4]	Thomas Garth, national director	160,000	—	0	15,342,234	1990
Camp Fire Boys and Girls (Kansas City, Mo.)[4]	K. Russell Weathers, national executive director	114,991	—	—	3,818,429	1991
Father Flanagan's Boys' Home (Boys Town, Neb.)	The Rev. Val Peter, executive director	20,000	—	—	40,734,270	1990
Girl Scouts of the U.S.A. (New York)[4]	Mary Rose Main, national executive director[11]	133,845	21,274	0	44,820,620	1990
Girls Incorporated (New York)[4]	Margaret Gates, national executive director	92,619	0	0	3,725,510	1990
Junior Achievement (Colorado Springs)[4]	Karl Flemke, president	163,404	21,466	—	9,246,239	1991
Youth for Understanding (Washington)	William Woessner, president	106,846	—	—	23,925,170	1990

Environmental and Animal-Protection Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
Conservation International (Washington)	Peter Seligmann, chairman	$100,000	$10,806	0	$8,288,216	1990
Defenders of Wildlife (Washington)	Rupert Cutler, president	105,915	10,591	0	6,454,240	1990
Environmental Defense Fund (New York)	Frederic D. Krupp, executive director	150,760	7,534	0	14,967,592	1990
Friends of the Earth (Washington)	Michael Clark, president[2]	50,400	3,856	0	3,140,663	1990
Greenpeace USA (Washington)	Peter Bahouth, executive director[2]	45,000	0	0	47,636,803	1990
Humane Society of the United States (Washington)	John A. Hoyt, president	142,000	16,606	0	19,237,971	1990
National Parks & Conservation Association (Washington)	Paul C. Pritchard, president	108,228	5,411	0	8,717,167	1991
National Wildlife Federation (Washington)	Jay D. Hair, president	231,577	34,054	23,710	77,180,104	1990
Natural Resources Defense Council (New York)	John H. Adams, executive director	134,268	4,028	0	16,926,305	1991
Nature Conservancy (Arlington, Va.)	John C. Sawhill, president	185,000	14,075	0	254,251,717	1991
North Shore Animal League (Port Washington, N.Y.)	David J. Ganz, executive director	163,000	15,700	2,133	26,125,383	1990
Sierra Club Legal Defense Fund (San Francisco)	Fredric P. Sutherland, president[12]	159,788	15,979	0	8,783,902	1991
Trust for Public Land (San Francisco)	Martin J. Rosen, president	130,200	6,510	0	23,516,506	1991
Wilderness Society (Washington)	George T. Frampton, Jr., president	120,000	25,200	0	17,903,091	1990
World Wildlife Federation/Conservation Foundation (Washington)	Kathryn Fuller, president	146 612	9,500	0	51,155,823	1991

Community Foundations

	Top executive	Compensation	Benefits	Expenses	Foundation's total income	Fiscal year
California Community Foundation (Los Angeles)	Jack Shakely, president	$105,000	0	$7,200	$26,798,132	1990
Chicago Community Trust	Bruce L. Newman, executive director	178,000	0	0	46,347,626	1990
Hawaii Community Foundation (Honolulu)	Jane Smith, chief executive officer	72,875	0	0	22,433,014	1990
Hartford Foundation for Public Giving (Conn.)	Michael R. Bangser, executive director	95,000	0	0	29,658,625	1990
Louisville Community Foundation (Ky.)	Darrell Murphy, executive director[2]	57,900	4,632	0	6,703,159	1991
New York Community Trust	Lorie A. Slutsky, director	173,900	—	—	114,701,688	1990
Saint Paul Foundation	Paul A. Verret, president	126,101	16,596	0	29,143,914	1990
San Francisco Foundation	Robert M. Fisher, executive director	132,500	19,875	0	43,056,670	1991

Private Foundations

	Top executive	Compensation	Benefits	Expenses	Foundation's assets	Fiscal year
Ford Foundation (New York)	Franklin A. Thomas, president	$422,426	$36,634	—	$5,511,159,140	1990
J. Paul Getty Trust (Santa Monica, Cal.)	Harold Williams, president	509,001	0	13,351	5,251,845,004	1991
W.K. Kellogg Foundation (Battle Creek, Mich.)	Russell G. Mawby, chairman	350,000	30,000	12,946	5,396,889,094	1991
John D. & Catherine T. MacArthur Foundation (Chicago)	Adele S. Simmons, president and director	282,065	67,069	0	3,197,541,190	1990
Robert Wood Johnson Foundation (Princeton, N.J.)	Stephen A. Schroeder, president[13]	107,500	1,590	0	2,918,748,906	1990
Lilly Endowment (Indianapolis)	John M. Mutz, president	240,000	37,879	7,893	3,197,687,293	1990
Andrew W. Mellon Foundation (New York)	William G. Bowen, trustee and president	375,560	30,000	0	1,831,235,504	1990
Pew Charitable Trust (Philadelphia)	Rebecca W. Rimel, executive director	181,346	630	—	3,076,891,792	1990
Rockefeller Foundation (New York)	Peter C. Goldmark, Jr., president	346,500	42,333	0	1,962,761,224	1990
Robert W. Woodruff Foundation (Atlanta)	Charles H. McTier, president[14]	47,250	7,088	0	353,284,523	1990

Other Organizations

	Top executive	Compensation	Benefits	Expenses	Organization's total income	Fiscal year
American Association of Fund Raising Counsel (New York)[15]	Joanne Hayes, president	$80,500	—	—	$1,143,304	1990
Capital Research Center (Washington)	Willa Ann Johnson, chairman	51,500	0	0	738,142	1990
Center for Community Change (Washington)	Pablo Eisenberg, president	87,633	22,784	0	4,474,607	1991
Council of Better Business Bureaus (Arlington, Va.)	James H. McIlhenny, president	150,000	30,000	0	15,319,723	1990
Council on Foundations (Washington)	James A. Joseph, president	217,000	35,023	0	7,157,462	1990
Foundation Center (New York)	Thomas R. Buckman, president[2]	153 500	—	—	8,934,735	1990
Heritage Foundation (Washington)	Edwin J. Feulner, Jr., president	319,367	23,277	—	18,305,474	1990
Independent Sector (Washington)	Brian O'Connell, president	145,000	25,000	—	4,516,712	1990
InterAction: American Council for Voluntary International Action (Washington)	Peter Davies, president	64,046	—	—	3,029,096	1990
National Black United Fund (Newark)	William T. Merritt, president	55,654	5,000	0	672,546	1990
National Charities Information Bureau (New York)	Kenneth Albrecht, president	90,000	0	0	893,448	1990
National Committee for Responsive Philanthropy (Washington)	Robert O. Bothwell, executive director	54,186	3,793	0	516,290	1990
National Geographic Society (Washington)	Gilbert M. Grosvenor, president	343,701	23,377	—	459,545,339	1990
National Society of Fund Raising Executives (Washington)	Raymond Crabbs, president[16]	115,039	0	0	3,410,746	1990
National Trust for Historic Preservation (Washington)	J. Jackson Walter, president	172,516	34,503	0	28,094,343	1990

— No figure given on tax return. Some organizations reported reimbursing expenses but did not specify an amount.

[1] Served first year without pay; compensation effective February 1992. Benefits figure is approximate.

[2] No longer holds position.

[3] Salary shared by Mr. Osborne & his wife, Ruth, who is national president of the Salvation Army women's organizations. They received approximately $50,000 in total benefits, including salary, housing, and a car.

[4] Organization income is for national office only.

[5] Compensation figure includes $74,782 for housing.

[6] Figures are for January to September 1990 because of change in fiscal year.

[7] Compensation is base salary; received $52,587 in other compensation.

[8] Compensation is from January to August 1991; no longer holds position.

[9] Compensation includes one-time bonus of $71,000.

[10] Compensation figure is for seven months.

[11] Compensation figure is for February through September 1990.

[12] Deceased.

[13] Compensation figure is for July to December 1990.

[14] Mr. McTier received an additional $77,750 in salary and $11,663 in benefits for directing four other funds.

[15] Figures include AAFRC Trust for Philanthropy.

[16] Compensation figure is for eight months plus severance pay; no longer holds position.

SOURCE: IRS Form 990's, information from individual organizations.

Charities Under New Pressure to Explain How They Set Salaries

Continued from Page 1

varies widely, reflecting the organizations' diversity: They range from neighborhood health clinics, local arts groups, and community day-care centers to national health-care organizations, major metropolitan hospitals, and premier research universities. Even among national non-profits, compensation packages vary according to the size and type of organization.

A survey by *The Chronicle of Philanthropy* of more than 100 non-profits that raise money nationally confirms the broad differences between types of organizations, while underlining the disparities in compensation present even within the same field. A plurality of the salary figures fall between $100,000 and $200,000, with the largest private foundations, universities, and major cultural organizations generally paying above that range and advocacy and relief-and-development groups often paying below it.

Those results conform with other salary data, including a 1991 survey of 250 national non-profits by TPF&C, which specializes in executive-compensation issues. That survey found a median compensation figure of $140,000 among non-profit chief executive officers—meaning that half earned more, half less. The average compensation was $151,000. Among groups surveyed, compensation of top executives ranged from $50,000 to $500,000.

Several observers emphasize that even the highest compensation of non-profit chief executives does not approach that of the CEO's of many corporations—particularly when bonuses, stock options, and other incentives are added. And the great majority of non-profits are small, local groups with low budgets and meager compensation.

"The bulk of non-profit salaries are not in the stratosphere, they're in the basement," says Gerald Kaufmann, president of the Center for Non-Profit Corporations in New Jersey, "and workers often don't have medical insurance or retirement pay. As we look at the big national non-profits, and rightfully raise serious questions about those kinds of salaries, we've got to also understand that the average worker at a day-care center is making about $12,000—and the executive director may be making $24,000."

Business Still Pays More

The historic gap in compensation between non-profits and for-profit businesses persists, with workers in a range of jobs at non-profits generally receiving an average of about 75 per cent of the wages paid their counterparts in business or industry.

"We all agree that compensation in the non-profit world does not match that of the for-profit world," says David Lascell, a lawyer in Rochester, N.Y., who is chairman of the National Center for Non-profit Boards. "Most of us think this is part of the territory; those who choose to labor in the not-for-profit world understand that our rewards will be other than high compensation."

In the past decade, however, many non-profits have been encouraged to adopt management practices of for-profit companies—including improved compensation for their chief executives. The current spate of public attention comes just as boards have been showing growing respect for the technical skill and commitment required of executives at many large non-profits, says David Edell, president of Development Resource Group in New York, which conducts executive searches for non-profit clients.

Managing Hundreds of Workers

"They manage multimillion-dollar organizations, often with hundreds of staff," he says. "Their job requires them to be spokespeople, labor negotiators, fund raisers, and fiscally responsible managers, while also having a certain amount of expertise in the area of service. These guys for the first time are being respected for all of those skills, and being compensated in a way that enables them to live comfortably with their families in the kinds of cities they're required to live in, and motivates them to work and to stay."

If boards now clamp down on their salaries, as he fears they will, that will also limit compensation of the next generation of managers, he says, and may therefore affect non-profits' future leadership, as well.

"All of this comes out of a time when trustees have been extremely concerned about their ability to recruit and retain the best possible executives for the non-profit sector," says Mr. Edell.

Those gains for the most part have been limited to the top executive, he observes, adding that "the distance in salary between the CEO and the next person in the organization is sometimes dramatic."

Other observers also have detected a widening gap between the top salaries at non-profits and those of other staff members, as well as an erosion of the distinction between charities and for-profits in the eyes of the public.

"There's been a blurring of the line between non-profit and for-profit in the brains of the senior executives in very large non-profits," says Mr. Pratt of the Minnesota Council of Nonprofits, which has conducted statewide salary surveys. "If you accepted the thesis that these groups have become more like for-profits, compensation at all levels would be higher—but in fact, only the very top position is higher."

> **"The average worker at a day-care center is making about $12,000—and the executive director may be making $24,000."**

Some non-profits—particularly large arts groups—pay their chief executives more than twice what the next-highest-paid employees earn. The Los Angeles County Museum of Art, for instance, paid its director a salary of $275,482 in 1990, compared with $90,882 for the development director. The Lincoln Center for the Performing Arts in New York paid its president $275,000 in 1991, and its senior vice-president $125,000.

Mr. Kaufmann acknowledges that many non-profits are adopting elements of a more corporate model, but adds: "We're being driven there by necessity, since the demand for services far outstrips the available resources." But he says the use of limousines and condominiums by charity directors crosses over a line. "We begin to lose our souls in the non-profit sector when that goes on," he adds.

"I think the idea of equating money and talent is a corporate model that is not our model," says Mr. Kaufmann. "Many people who are very smart come into the non-profit sector for other reasons."

Setting Wages Is an Art

Setting fair and reasonable compensation levels for non-profit executives, say many observers, is still more art than science. Boards must balance "an awareness of public sensitivity to the salaries of their top people—which at non-profits are public information," with "a perception that, if you pay people what you think the job is worth, you will get a better person and a better job done," says Toni Smith, senior director at Spencer Stuart in Chicago, which has done executive searches for a number of non-profits.

In practice, that often means establishing a salary range based on the organization's budget and staff size, mission, and administrative complexity—and then considering what compensation it would take to attract and retain the specific candidate the board wants to hire.

Non-Cash Benefits

When a board is reluctant to keep raising the salary of a long-time executive, says Ms. Smith, it sometimes offers non-cash compensation—like the use of a car, a special travel allowance, or a supplemental insurance policy or retirement package. "That happens frequently when you have somebody on board for any length of time, because most organizations have a figure where their comfort factor starts to slide if they go beyond it," she says.

Other executive perks can include memberships in professional clubs or associations, first-class air travel, tuition assistance, financial counseling, or an entertainment budget. Members of the public tend to associate some of those perks with corporate executives more than with heads of charities.

"It's a quandary for the field," says Gordon A. Raley, executive director of the National Assembly of National Voluntary Health and Social Welfare Organizations. "On the one hand, no one wants to defend excessively high salaries. But we need to keep in mind that the field is also faced with the need to attract young people into social-service management. How to compete for the best and brightest is the real challenge we face."

Group's Finances Affect Salaries

The wealth of an organization is one obvious determinant of its ability to compensate its executives. Private foundations, for example, pay much more generously than do community foundations, which must raise many of their own funds. At least six of the largest private foundations, for example, pay more than $300,000 to their highest-paid executives, while at community foundations those salaries seldom reach $200,000.

"There is a unique distinction to be made between charities that raise money from the public and large foundations that have endowments to be managed," says James A. Joseph, president of the Council on Foundations. The compensa-

What Others Make

Federal Government	
George Bush, President	$200,000
Dan Quayle, Vice-President	166,200
George J. Mitchell, Senate Majority Leader	143,800
Thomas S. Foley, Speaker of the House	166,200
Senators and Representatives	125,100
William H. Rehnquist, Chief Justice	166,200
Associate Justices of the Supreme Court	159,000
State Governors	
Guy Hunt, Alabama	$70,233
Fife Symington, Arizona	75,000
Bill Clinton, Arkansas	35,000
Pete Wilson, California	85,000
Lowell P. Weicker, Jr., Connecticut	78,000
Arne Carlson, Minnesota	103,860
Mario M. Cuomo, New York	130,000
James G. Martin, North Carolina	123,000
Ann W. Richards, Texas	93,432
L. Douglas Wilder, Virginia	85,000
Top Executives at State Government Agencies	
James G. Ledbetter, commissioner, Georgia Department of Human Resources	$97,300
Jeff Richardson, director, Indiana Department of Human Services	71,318
William H. Jackson, director, Iowa Department of Cultural Affairs	67,895
Carolyn W. Colvin, director, Maryland Department of Human Resources	97,421
Corporate Executives	
John Sculley, Apple Computer (Cupertino, Cal.)	$2,199,000
G. Kirk Raab, Genentech (San Francisco)	675,000
Israel Cohen, Giant Food (Washington)	1,213,000
Martin S. Davis, Paramount Communications (New York)	3,646,000
Paul B. Fireman, Reebok International (Stoughton, Mass.)	14,822,000
Steven J. Ross, Time Warner (New York)	3,200,000
Stephen M. Wolf, UAL Corporation (Elk Grove Village, Ill.)	1,150,000
Michael D. Eisner, Walt Disney Company (Burbank, Cal.)	11,233,000
Joseph D. Williams, Warner-Lambert Company (Morris Plains, N.J.)	1,585,000
Dean L. Buntrock, Waste Management (Oak Brook, Ill.)	1,582,000
Celebrities	
Johnny Carson, television host/producer	$30,000,000
Sean Connery, actor	5,000,000
Bill Cosby, Jr., actor/comedian/author	58,000,000
Kevin Costner, actor/director	50,000,000
Michael Jackson, pop singer	25,000,000
Madonna, pop singer/actress	24,000,000
Charles M. Schulz, cartoonist	25,000,000
Darryl Strawberry, baseball player	3,800,000
Oprah Winfrey, television host/producer	42,000,000

SOURCES: Council of State Governments, Forbes

Compensation information for these articles was compiled by Jennifer Moore. Kristin A. Goss, Holly Hall, Marty Michaels, Bruce Millar, Vince Stehle, and Grant Williams also contributed to these articles.

tion of private-foundation chief executives therefore tends to be pegged to the salaries prevailing at other large, complex non-profit institutions with significant endowments, like universities or museums, he says.

Trustees of large foundations or educational institutions whose compensation is based on a percentage of their assets or revenues can be handsomely rewarded. Trustees of the Bernice Pauahi Bishop Estate in Honolulu, for example, which supports the Kamehameha Schools, in some recent years have each received more than $600,000.

Decreasing Salary Gaps

There are other sharp differences in the ways non-profits determine what is an appropriate salary for their executives. Some observers believe the top executive's compensation should be linked to that of the lowest-paid employee. At such organizations, the board tries to limit the top salary to a specific multiple of the lowest salary.

At Greenpeace USA, for example, the lowest-paid support-staff worker receives $18,000 a year, while the executive director's job, from which Peter Bahouth resigned in December, now pays about $60,000. "What we've tried to do over the years is to keep [the ratio] as close to 3:1 as possible," says Steve D'Esposito, the acting executive director.

At the Center for Community Change in Washington, the salary of its president, Pablo Eisenberg, is $87,633—a bit more than three times the lowest salary, $26,500.

At least one grant maker will consider supporting only groups that have made a similar commitment. The Shalan Foundation in San Francisco limits its grants to organizations where the highest staff salary is no more than three times the lowest salary. The reason, says Catherine Lerza, the executive director, has less to do with curtailing high salaries than with raising lower ones.

"We don't believe rock-bottom wages should be the bottom line of any social-change organization," she says. "We think it's imperative that non-profits figure out reasonable salaries, health insurance, and pension plans that make it possible for people to stay in a non-profit career."

The 3:1 ratio "tends to be a screen for the kind of organization we like to fund: progressive social-change organizations," says Ms. Lerza—who adds that it applies to Shalan's three-person staff, too.

'Trying to Walk Our Talk'

Drummond Pike, who directed Shalan when the policy was made formal and who now directs the Tides Foundation, recalls that "we were trying to walk our talk" by establishing the policy. Because such low ratios are easier for small, egalitarian groups to achieve than for large, hierarchical ones, he adds, "of all the groups we were dealing with, the ones that had a hard time with that ratio were the national environmental groups."

All non-profits eventually must confront the tensions created by their desire to attract and retain competent staff members while also retaining the trust of the public—with the issue of compensation at the heart of that conflict.

"One of the things that comes out of this is that the charitable field should start taking a look at itself once again and reconsider whether some of the advice of the 80's is sound," says Mr. Albrecht of the National Charities Information Bureau. "It is always appropriate for a charity to seek to run as effectively and efficiently as possible. But does that have to mean all these commercial ventures—for-profit and not-for-profit spinoffs, and some of this corporate hocus-pocus? There's a public-service aspect to the work which is not the same as operating a business."

Such activities diverted some charities from their basic mission of public service, he says, adding: "It is time for charities to get back to basics, to remember who they are and what they are."

Charities Often Create Hurdles to Salary Information

Continued from Page 27

said its normal policy was to mail copies of its 990 only upon written request. When a visitor appeared in person, a staff member demanded a business card and asked a number of questions about how the information would be used before handing over the forms.

► The Council on Foundations required that a reporter make an appointment with its general counsel and copy information by hand in his office. A number of other organizations—including the Johns Hopkins University and the Los Angeles County Museum of Art—also refused to permit access to a copying machine and required visitors to copy information by hand.

► At Girl Scouts of the USA, the top financial official demanded a business card and an appointment before permitting a visitor to inspect—and copy by hand—information in the 990. (Perhaps recalling the Girl Scout promise "to help people at all times," however, a staff person did supply a cup and a pitcher of water.)

Tax-exempt groups "are going to be held to a higher standard of accountability than people working inside the tax system."

► The National Urban League, after first advising a reporter to wait until a financial officer returned from vacation and then saying the organization seldom releases its tax data, eventually permitted a visitor to copy the information by hand.

► Extracting a 990 from the National Gallery of Art in Washington proved a major undertaking that unfolded over three days, punctuated by demands from the general counsel's office for a written request and questions about how the information would be used. In the end, the form was made available for copying by hand.

► Ducks Unlimited, asked to provide its tax return to be used as part of a salary survey, did mail a copy of its 990—with all the salary information deleted.

Less Than 50% Complied

Others have had similar experiences collecting tax returns from non-profits. U.S. Rep. Richard T. Schulze, the Pennsylvania Republican who helped guide the disclosure requirement through Congress, periodically has had members of his staff visit non-profits asking to inspect the forms. "In 1989 and 1990, we found that under 50 per cent were complying with the law," says Rob Hartwell, the Congressman's chief of staff, who said Mr. Schulze plans another survey this year.

Lawrence B. Gibbs, a Washington lawyer who was commissioner of the Internal Revenue Service from 1986 to 1989, says he has noticed "a wide disparity between what the law requires and what some foundations and other charitable organizations provide to the public." While ignorance may be as much to blame as willful noncompliance, he says, the IRS in any case lacks the resources to insure that the nearly half-million nonprofit organizations that file such returns comply with the law.

Non-profits can be fined $10 a day for not complying with the disclosure requirements—to a maximum $5,000 for any single tax return. And those who willfully fail to comply are subject to a further penalty of $1,000.

Changes in the Form

To help educate non-profits, the IRS has added to 990 forms for 1991 the words, "This form is open to public inspection" in a conspicuous place on Page 1, and, on Page 3, a note encouraging organizations to insure that the information is complete and accurate.

Mr. Hartwell, of Representative Shulze's office, says the problem of non-compliance may be ripe for scrutiny by Congress. "It's an area the IRS is going to have to look into," he says.

The disclosure requirement, he observes, "is unpopular with some non-profit organizations, but it is essential for maintaining the confidence of the American public. If tax-deductible dollars are going toward assisting these organizations in delivering their charitable services, certainly there has to be careful compliance with the tax laws that exist, and charitable organizations have to be very concerned about losing the public trust.

"These provisions are very helpful in helping the public determine how their dollars are being spent and how efficient these organizations are. If we didn't have them, some of the insights into the way the United Way was being run may not have come about."

To Drummond Pike, executive director of the Tides Foundation in San Francisco, a reluctance to reveal salary information reflects "what seems to be a growing blindness to the extraordinary historical privilege of this sector" of tax-exempt organizations.

He adds: "There's a *quid* for the *quo:* If you go to work for an organization that operates outside the tax system, you are going to be held to a higher standard of accountability than people working inside the tax system." Disclosure of salaries, he says, is part of that standard.

In private industry, says Mr. Pike, "if too much is creamed off by senior management, the business won't perform well and the shareholders will kick them out. But there's no parallel in the nonprofit sector: If there's no disclosure, who's going to complain?"

IRS Rules on Disclosure by Charities and Foundations

Continued from Page 26

ments is also considered to have general circulation.) The notice must state that the annual return of the private foundation is available for inspection at its principal office during regular business hours by any citizen who requests inspection within 180 days after the date the notice is published. It must also show the address and telephone number of the private foundation's principal office and the name of its principal manager. A private foundation may designate, in addition to its principal office, any other location at which its annual return will be made available. Another location may also be designated if the foundation has no principal office or none other than the residence of a substantial contributor or foundation manager.

To ensure that the return is available for public inspection for the full 180-day period as required by law, do not publish the notice until the return has been completed and, in fact, is readily available for inspection upon request.

Attach a copy of the notice to the Form 990-PF filed annually with the Internal Revenue Service.

PENALTIES. If a foundation does not publish the notice and attach a copy of it to a timely filed return, there is a penalty of $10 a day, up to a maximum of $5,000 for any one return (section 6652(c)). The penalty is imposed on the person under a duty to act, but who fails to do so without reasonable cause. The penalty is also imposed on any person who fails to make the return (including all required attachments) available for public inspection according to the section 6104(d) provisions discussed above. If more than one person is responsible for either failure to act, each person is jointly and severally liable for the full amount of the penalty. Any person who willfully fails to comply shall be subject to an additional penalty of $1,000 (section 6685).

Through the IRS:

Both exempt organization returns and approved exemption applications may be inspected by the public at IRS district offices and the IRS National Office in Washington, D.C.

A request for inspection must be in writing and must include the name and address (city and state) of the organization that filed the return or application. A request to inspect a return should indicate the type (number) of the return and the year(s) involved. The request should be sent to the District Director (Attention: Disclosure Officer) of the district in which the requester desires to inspect the return or application. If inspection at the IRS National Office is desired, the request should be sent to the Commissioner of Internal Revenue, Attention: Freedom of Information Reading Room, 1111 Constitution Avenue, N.W., Washington, D.C. 20224. IRS Form 4506-A can be used to request a copy or to inspect an exempt organization return at an IRS office. The form offers further details on how requests for returns can be made, including how to write the proper district.

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OPINION

Commentary and Letters

Charities Must Act Now to Police Themselves

By PETER FRUMKIN

NON-PROFIT LEADERS must act quickly and decisively to counter public cynicism about all kinds of charities in the aftermath of press reports about questionable financial practices at United Way of America. If history is any clue, failure to do so could lead to a damaging onslaught of new federal and state regulation of charities.

The experience of private foundations during the 1960's should serve as a reminder to charities in the 1990's of what can happen if public criticism is not met head on and dealt with immediately. From 1962 to 1969, foundations were the subject of much criticism, as the press, state officials, and, eventually, members of Congress made the public aware of abuses by grant makers. The ultimate outcome was passage of the Tax Reform Act of 1969, which contained numerous punitive measures designed to show that foundations would no longer be trusted to regulate themselves.

Some of the charges directed at foundations in the years before 1969 bear a striking resemblance to those that United Way of America has faced in recent weeks. In 1968, members of Congress attacked the administrative expenses of the Rockefeller Foundation, which was said to be occupying overly elegant offices and spending too much on public relations for an organization seeking to improve the condition of mankind.

MY VIEW

Charities need to come forward with proposals to set up a meaningful program of self-regulation—including perhaps some form of salary and expense guidelines—before government steps in.

At the same time, McGeorge Bundy, then president of the Ford Foundation, came under fire for making eight travel-study grants to former members of Robert F. Kennedy's staff. The press and several influential lawmakers described those grants as Mr. Bundy's way of making gifts to the Kennedy political machine. (In his testimony before a Congressional committee, Mr. Bundy strongly denied any impropriety.)

Unfortunately for foundations, former U.S. Rep. Wright Patman, a Texas Democrat, was at the time in the midst of a seven-year personal crusade to bring foundations under close federal regulation. The controversial Ford grants and Rockefeller's administrative expenses provided crucial ammunition for Representative Patman in his populist quest to reign in foundations. He held a yearlong series of hearings, resulting in the 1969 Tax Reform Act, whose sweeping new regulations included requirements that foundations give away 6 per cent of their assets every year (a figure that has since been lowered to 5 per cent), pay an excise tax on their investment earnings, and publish an annual listing of the grants they made.

In assigning blame for the new regulations, foundations were not able to pin all their problems on the actions of one zealous Congressman. For years preceding the passage of the 1969 law, foundations sat passively on the sidelines as Congress and the press used a number of isolated incidents of poor judgment to portray all of philanthropy as an elite social club run amok. Grant makers failed almost completely to make the case to the public that philanthropy performed a valuable and important function in American society.

Although some members of the non-profit world, such as Manning Pattillo, then president of the Foundation Center, proposed that foundations voluntarily set up a rigorous accrediting program for themselves to avoid government intervention, the idea never really got off the ground until it was far too late. In the end, non-profit leaders underestimated the power of public opinion to mobilize Congress, and foundations never aggressively mounted a campaign to insure that a balanced picture of the work of philanthropy was presented.

Today, especially with the economy stalled and many Americans struggling, the disclosure of the generous compensation package that United Way of America provided to its former president, William Aramony, has stirred

LETTERS

How Foundations Should Tackle Society's Problems

TO THE EDITOR:

I always try to suppress the instinct to reply to Wally Nielsen, but this time the urge is irrepressible ("What Foundations Must Do to Tackle Society's Problems," February 11).

Let's start with Nielsen's finishing proposition that the "social justification" for foundations is their creativity in addressing society's basic problems. Surely foundations and their supporters have claimed too much in this regard, but utilitarian rationales of this sort are only remotely related to the historic and legal underpinnings of the foundation sector—and few philanthropic foundations have ever aspired to them, much less accomplished them.

Second, it is odd that the list of substantial achievements Nielsen mentions as the benchmarks of foundation creativity should be drawn entirely from the period before 1925. The Carnegie libraries, which he cites first, were of course largely pre-foundation creations. Which of the leaders of those early foundations, against whom today's foundation presidents are measured so harshly, were outstanding social activists? My own list would include only John Glenn of Russell Sage, which even then was more an operating than a grant-making foundation.

Most important, from my perspective as an historian of foundation funding of social research, is Nielsen's lament that foundation-funded research and experimentation have not paid off in social improvement in recent decades. Two things need to be said here. The first is that what Nielsen acknowledges as foundation contribution to government social programs, especially in the 1960's and 1970's, was indeed crucial to the promotion of social change in the United States, with the Ford Foundation taking the lead.

The second is that in fact foundations have always been somewhat ambivalent about social (as opposed to scientific) research, partly from fear of political reprisal (for taking the risks

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UNITED WAY OF AMERICA: 'A STORY OF EXCESS'

Report of internal investigation accuses charity's former president of misusing funds, but he denies charges; board adopts reforms

SAM KITTNER, FOR THE CHRONICLE

United Way of America's Kenneth W. Dam, releasing a report on how the organization was run: "This will certainly outrage people who have given their hard-earned money week by week to help the United Way help those in need."

By BRUCE MILLAR

WASHINGTON

THE "loose and independent" management style practiced by William Aramony in his 22 years as president of United Way of America led to numerous unethical and illegal activities, according to a report released by the organization last week.

The investigation "reveals a story of excess and of values lost," the report said, adding that the disclosures "will surely be disturbing findings to the tens of millions of Americans who give of themselves to help others."

Mr. Aramony has denied serious improprieties. He resigned in February amid public outrage over reports that he received $390,000 in salary and $73,455 in benefits as well as numerous other perquisites.

The report, commissioned by the United Way of America Board of Governors and conducted by a Washington law firm, found that United Way of America had paid for at least $360,000 worth of expenses for air travel, hotels, limousines, and gifts for Mr. Aramony from 1988 through 1991. In many of those cases, the report said, it was not clear that the expenses were essential to the conduct of United Way of America business.

The report also said that during Mr. Aramony's tenure, United Way of America had lost significant amounts of income by spinning off several organizations that provide services to United Ways and other non-profits.

"Expense claims which Mr. Aramony submitted to UWA for such items as first-class travel, limousine services, and gifts to friends are dwarfed by the expenditures Mr. Aramony approved for questionable consulting fees, ill-founded transfers of funds to spin-offs, high salaries, and benefits for senior executives," the report said.

'This Will Certainly Outrage People'

"This will certainly outrage people who have given their hard-earned money week by week to help the United Way help those in need," said Kenneth W. Dam, interim president of United Way of America. "They will and should feel betrayed. I want to express my heartfelt apology to each of those people for what this controversy has done."

Prior to public release of the report, the United Way of America's 37-member board voted unanimously not to pay any of Mr. Aramony's pension, worth in excess of $4.4-million, until all legal questions have been settled.

Excerpts from the report on United Way of America begin on Page 22.

The board unanimously approved more than two dozen recommendations made in the report. Among the most significant was that the board hire an independent accounting firm to conduct a detailed audit to determine the precise amounts that may have been improperly charged by Mr. Aramony and Thomas J.

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ARCO

Companies' New Advocacy
Company leaders like ARCO's Robert E. Wycoff (*above*) are trying to multiply the effects of corporate grant making by advocating changes in social policy. Story on Page 6.

Philanthropy and the Election
All three major Presidential candidates have views on volunteerism, charitable giving, and other issues of interest to non-profits. Story on Page 8.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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21 The United Negro College Fund is closing six fund-raising offices and firing 25 employees.

21 A Florida charity is suing a donor for failing to come through with a promised contribution.

35 Charity lobbyists remain optimistic about the chances of extending a key tax break for gifts of appreciated property, even though President Bush has vetoed one tax bill (Tax Watch).

15 Recent gifts to non-profit organizations and institutions.

21 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Foundations

15 The new president of the William T. Grant Foundation may have a special source of advice on foundation management: her husband.

14 The McKnight Foundation has started a new program to protect the Mississippi River.

14 The largest grant in the history of the George Gund Foundation will help build a museum.

14 A group of 13 grant makers is joining forces in a program to help women overcome poverty by starting their own businesses.

14 The William R. Kenan, Jr. Charitable Trust has started two new funds, one in the arts, the other in the sciences.

16 The DeWitt Wallace–Reader's Digest Fund has given Camp Fire $2.5-million to beef up its staff training and recruitment.

16 Recent grants by foundations, corporations, and other grant makers.

18 Summaries of annual reports from the Mary Reynolds Babcock, Ford, Public Welfare, and Rockefeller Foundations, and the Commonwealth Fund.

About Corporations

6 As grants budgets get tighter, many corporate chief executives are using their own and their companies' influence to press government at all levels to be more effective in delivering services and solving social problems.

10 An RJR Nabisco program has become the model of President Bush's plan to improve the nation's schools.

12 The Prudential insurance company mobilized corporate chief executives to campaign for increased federal funds to help poor women and their children.

14 An Iowa company has withdrawn a promised grant to Planned Parenthood following protests over the donation.

15 A New Jersey company has created a new $200,000 award for research on aging.

AP/WIDE WORLD

AP/WIDE WORLD

AP/WIDE WORLD

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About Managing Non-Profits

1 A report to the Board of United Way of America charges the organization's former president, William Aramony, with a breach of trust in the way he ran the organization. The law firm that conducted the investigation says it found "a story of excess and of values lost."

34 Non-profit theaters had one of their worst years ever in 1991, as increases in contributions were not enough to offset losses due to falling attendance.

35 The Art Institute of Chicago is engaged in a public-relations battle with a coalition of for-profit businesses that accuse the museum of unfair competition because it has established gift shops in two shopping malls (Tax Watch).

35 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

Of Special Interest to Board Members

1 **The board of United Way of America was not kept informed about many of the activities of the organization's then-president, William Aramony, says a report developed for the organization by its law firm. The United Way board must change many of its policies and procedures to try to avoid the kind of controversy that has rocked the organization in recent months, the report said.**

35 **Lobbyists for non-profits are optimistic about the chances for extension of a key tax break for donations of appreciated property, even though President Bush vetoed one tax bill containing the provision.**

About Volunteers

8 None of the three major Presidential candidates has made volunteerism a centerpiece of his campaign, but all have views on that and other issues of interest to non-profits.

14 Points of Light 720 to 731 were named by the Bush Administration.

About Children and Youth

12 Foundation leaders and people who work directly with the young often have differing views on how best to deal with the problems of America's children, according to a new survey.

14 A new national organization will help local groups that are working to improve the lives of children.

7 James J. Renier, chairman of Honeywell, has become a strong advocate for the needs of children.

Also In This Issue

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37 **Press Clippings:** *New York* magazine on salaries and perquisites at the Museum of Natural History, *Teachers College Record* on research about philanthropy, and *Town & Country* on the problems of boarding schools.

36 **Books:** A summary of *The Animal Rights Crusade: the Growth of a Moral Protest*, and listings of other new books.

40 **Opinion:** Barry R. Rubin on building diversity in the non-profit world; Pablo Eisenberg on the late Paul Ylvisaker.

40 **Letters** on the controversy over United Way of America.

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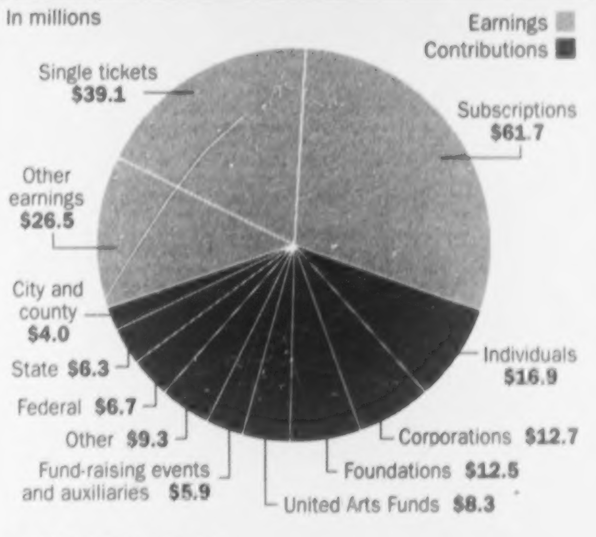
Non-Profit Theaters: a Statistical Profile

1991 Totals for 184 Theaters

Productivity	
Attendance	16,860,484
Subscribers	956,257
Performances	48,695
Productions	2,277
Finances	
Earnings	$202,568,667
Contributions	131,332,227
Total income	333,900,894
Total expenses	336,681,065
Deficit	–2,780,171
Work force	
Artistic	12,593
Administrative	5,220
Technical	7,164
Total paid personnel	24,977

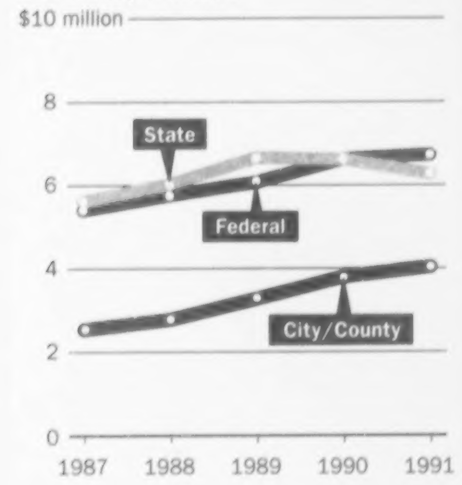
Sources of Income



For 56 sample theaters

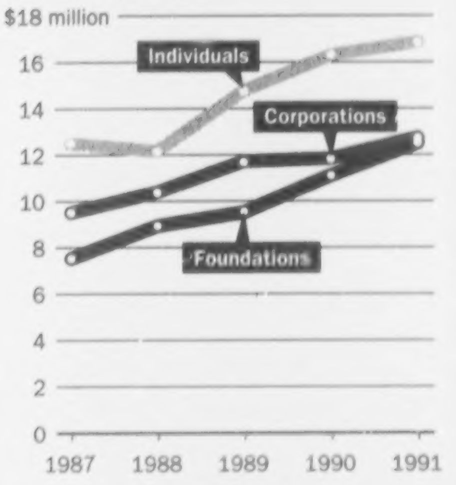
Changes in Government Support

For 56 sample theaters



Changes in Private Support

For 56 sample theaters



SOURCE: Theatre Communications Group
CHRONICLE CHART BY JOJO GRAGASIN

Donations Up, Attendance Down at Non-Profit Theaters

By VINCE STEHLE

Non-profit theaters saw one of their worst years on record in 1991, says a new report.

Attendance dipped for the first time in at least 20 years, about half of the nation's theater's had budget deficits, and seven of them had to close last year, according to "Theatre Facts 91," a report of a study conducted by the Theatre Communications Group, a New York-based organization that represents non-profit theaters.

"It certainly felt like the grimmest year ever," said Barbara Janowitz, author of the report.

The deficit and attendance figures are bleak, she said, and the reality is even worse. "What the survey doesn't show is that these are the numbers after all the program cuts, after the staffs had been cut, and after the salaries had been frozen," said Ms. Janowitz, director of management services.

The report was based on responses from 184 theaters. Fifty-six of them have provided data for the past five years and were used to determine long-term trends.

Among the findings:

► Grants and contributions last year rose by 5.8 per cent over the previous year, but failed to close the gap between earned income and expenses. As a result, the combined balance of revenues and expenses at the theaters showed a deficit of nearly $2.8-million.

► Contributions from individuals continued to make up the largest source of private support. However, the rate of increase of individual gifts slowed to just 3.5 per cent, compared to 10.4-per-cent growth the previous year.

► Foundation support outpaced increases in other sources of income. Last year, foundation contributions rose by 12.6 per cent.

7 Theaters Shut Down

Taken together, the modest growth in contributed income could not offset the poor showing at theater box offices. For the first time since the Theatre Communications Group began collecting data in 1973, attendance at non-profit theaters fell last year. Attendance at all events fell by 3.6 per cent.

Most of the financially troubled theaters participating in the study were able to stay open by cutting their programs and expenses. But financial pressures caused seven of them to shut down.

The depth of financial problems facing American theaters varies by geographic region, however. "The recession hit the Midwest in the current fiscal year, so we're feeling the effects more now than we did in 1991," said Roche Schulfer, producing director of Chicago's Goodman Theatre.

In Seattle, where the economy is still relatively strong, theaters are thriving, said Susan Moritz, managing director of A Contemporary Theatre. "ACT is in as good shape as it has ever been in," she said. "Fund raising is over budget, and we've seen a 15-per-cent increase in subscriptions. But our economy is in much better shape than the rest of the country."

The report appears in this month's issue of *American Theatre*, a magazine published by the organization.

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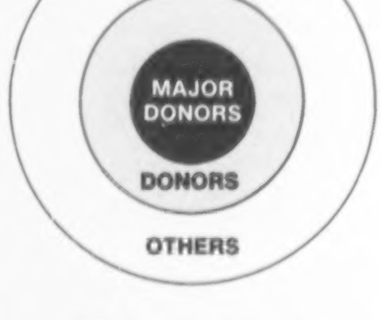

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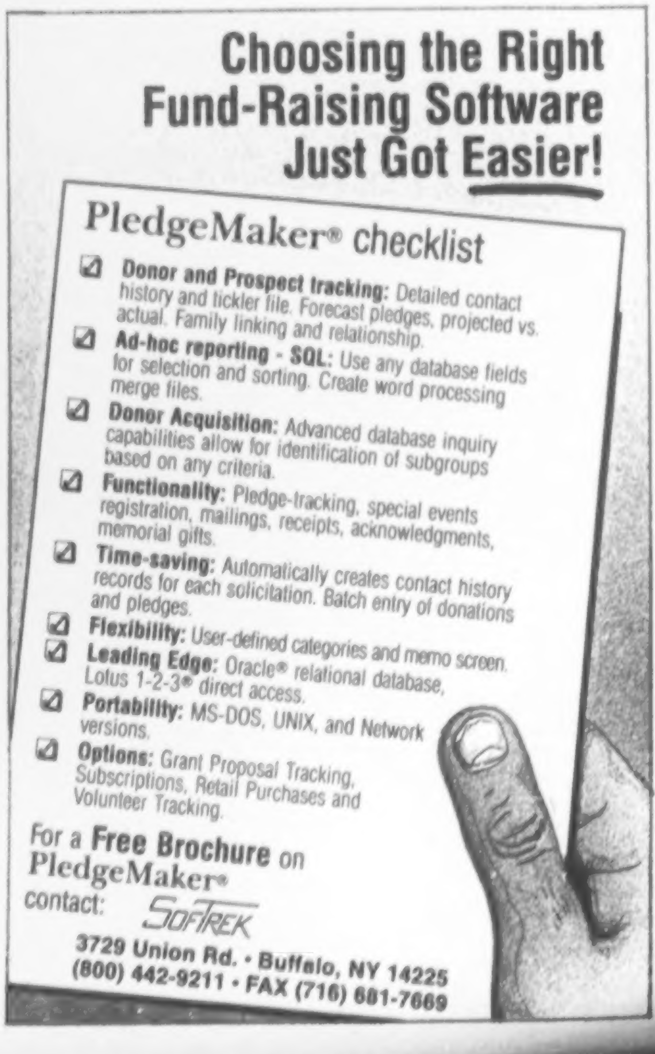

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OPINION

Commentary and Letters

To Achieve Diversity, Change How You Hire

By BARRY R. RUBIN

DIVERSITY IS IN DANGER of becoming just another buzz word, an obligation to be fulfilled, a burden for non-profits to bear. But charities have a special responsibility to understand and achieve diversity in their ranks. Our sector needs diversity to thrive.

The problems we face as a nation cut across racial, ethnic, class, gender, and other lines, yet many citizens are not full participants in formulating and implementing the solutions to those problems. We cannot afford to exclude from our numbers, even inadvertently, those who, by virtue of age, experience, or background, may help us all better understand our society and the issues we face. A diverse non-profit sector enables us to continually restock our store of ideas with fresh thinking and new perspectives. Without them, we risk the intellectual and professional stagnation that in-breeding causes.

Non-profit organizations derive their power and authority in part from their claim to represent the "public interest." They provide a critical counterbalance to the powerful, moneyed, "special interests" that could otherwise skew the public-policy–making process. Non-profit organizations speak on behalf of children or people with AIDS or the homeless: the underrepresented in our society. But unless we open our ranks to the diversity around us, we jeopardize our special status.

MY VIEW

Organizations cannot expect even the most dedicated and well-educated new staff member to possess all the office and professional skills necessary to do the job.

Many organizations have made progress, but most need to do much more. Changing our philosophy about recruiting, hiring, and paying workers will go a long way toward diversifying the staffs of non-profit organizations.

With the best of intentions, too many organizations welcome unpaid interns. Others pay little to interns, effectively denying internship opportunities—which often open the doors to permanent positions—to those who must work to earn living expenses in school or to pay escalating tuition costs. Those who can afford to take full-time internships generally have an independent source of income, usually parents, to make up the difference. The situation is only somewhat better for entry-level jobs, where organizations often take "pride" in an ethic that permits them to pay less than living wages.

We all have so much work to do; our agendas are always large and growing; and the problems we work on—preserving the environment or protecting civil rights, for example—are long-term issues that will always require more work than the available workers can possibly do. It's understandable, therefore, that we often don't resist the temptation that free or drastically underpaid help offers us. But consider the cost. Among young people, who can afford to take unpaid internships? How many college or professional-school graduates who survived only on student loans can afford to take subsistence-level jobs? How many of our staff members will come from low-income backgrounds? How many will be former full-time homemakers or single parents? We pay a heavy price if we look only at our short-term needs.

We must recognize that too often our hiring patterns and practices contribute to the lack of diversity. Too much reliance on "accidental recruiting"—sitting back and waiting for résumés to arrive or colleagues to recommend colleagues—reinforces established patterns of employment.

As costly as it may seem, we have to find ways to reach out, for the cost of not doing so is far greater. Recruiting can seem expensive and time consuming, particularly when someone always seems to know someone who would be "perfect" for the position and who doesn't have to be recruited. Finding new and unfamiliar places to look is difficult, especially for organizations that have only occasional job openings. When organizations do make the effort to "post" job openings, too often the search is limited to sending job announcements to a network of similar organizations. The least we can do is to circulate announcements widely and advertise openings. A more ambitious solution is to work together to create an informal outreach and employment consortium, with organizations pooling limited resources to reach into new populations and new places.

Grant makers also have an obligation to recognize that it costs money to reach out. Providing sufficient funds to pay decent intern stipends and starting salaries is an important beginning, as is supporting, with more than encouraging words, the labor-intensive process of achieving and sustaining diversity.

LETTERS

Why We Fear a Backlash Over the United Way of America

TO THE EDITOR:

Those of us who labor in the social services have good reason to fear a backlash in the wake of William Aramony's resignation as president of United Way of America ("United Way: the Fallout After the Fall," March 10).

As allegations fly about Aramony's excessive compensation and faulty management decisions, local United Way presidents are struggling mightily to maintain donor support around the country. For a sense of perspective, all involved need to remember that:

A caseworker with a master's degree, working in one of New York's settlement houses, averages about $24,000 a year and typically has no pension and limited health benefits. The executive director of a settlement house, who is responsible for managing a multimillion-dollar agency that employs several hundred people, earns about $60,000. The cook, who prepares meals for the homebound elderly, earns under $16,000. Moreover, because of the recession, they do not expect to receive salary increases this year or next. It's the same story elsewhere in the country.

If contributions to the United Way fall, there will be less support available to non-profit

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The Newspaper of the Non-Profit World

Vol. IV, No. 13 • April 21, 1992 • $3

CHARITY WORKERS' JOB-MARKET JITTERS

Some big non-profits are forced to cut their staffs, and experts warn the picture may get worse; demand for fund raisers stays high

By JENNIFER MOORE

ECONOMIC TROUBLES have forced many non-profit organizations, including the American Red Cross, the Muscular Dystrophy Association, and several other big charities, to lay off workers or institute hiring freezes.

Just this month, the Red Cross announced the elimination of 204 positions from its national staff of 1,000. "Unfortunately, we at the Red Cross are caught in the grip of the same economic woes that besiege the rest of the country," says the charity's president, Elizabeth Dole.

While many smaller organizations have been able to keep staff layoffs to a minimum or avoid them altogether, some experts fear that the worst is yet to come, especially at organizations that depend on state money, on corporate grants, or on money raised from United Way drives.

ROBERT KILLIPS, FOR THE CHRONICLE

Wendy Ring, who was laid off and then rehired by New Way In, a struggling Michigan charity: "If New Way In is truly going under, then I want to be around for the swan song." See story on Page 28.

The precarious economic situation has made some non-profit workers extremely anxious. Job counselors are warning charity employees that it may take them at least six months to find a new position. Competition for jobs is stiff, not only because of the layoffs at non-profits but also because many people who have lost their jobs at for-profit companies are seeking positions at charities.

Not surprisingly, the troubled economy has produced more demands for one type of non-profit professional: fund raisers. They are being hired by an increasing number of organizations that want to expand their ability to get private money. (See story on Page 30.)

While most non-profits usually start by laying off members of their administrative and support staffs, a few organizations have had to let go people who provide direct services. Others are dealing with hard times by relying more on consultants and part-time and temporary employees, who don't have to be paid benefits and be provided with office space or clerical help.

Shows Seriousness of Financial Problems

The growing number of groups that have had to lay off staff members shows just how serious the financial situation is for many non-profits, says Beverley McDonald, executive director of the Michigan League for Human Services. "It's an indicator," she says. "Non-profit people historically have not been paid a lot, so it's easier for them to survive a recession."

Barbara Green, executive director of the National Council of Nonprofit Associations in Washington, says she has received a surprising number of unsolicited résumés from people with impressive back-

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ADDISON GEARY, FOR THE CHRONICLE

Help for Elderly Women

Groups like the one above meet throughout Philadelphia, giving elderly women a chance to talk about their needs, fears, and memories. Story on Page 6.

United Way's Dues Crisis

Many of the largest local United Ways are still withholding dues from United Way of America, pushing the organization to the brink of financial collapse. Story on Page 25.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader Volume IV, Number 13

About Grant Makers

19 More and more foundations are making grants to help non-profits improve their fund raising.

8 An unusual proposal to train disadvantaged youths in business skills is drawing interest from several grant makers.

12 Three large foundations have committed $10-million to a new housing effort.

12 The Jessie Ball duPont Fund has created a six-year program to provide management assistance to its grantees.

12 The Pew Charitable Trusts is helping to improve medium-sized liberal-arts colleges.

13 A group of foundations that make grants for AIDS-related programs is placing ads urging other grant makers to join them.

14 A grant from the New York Community Trust will help religious charities deal with racial issues.

24 The San Francisco Foundation scours local towns to find people who can be named "community treasures" (Ideas).

32 Children wrote the words and took the photographs for this year's annual report from the Prudential Foundation.

33 Ten foundations have been honored for the quality of their annual reports.

40 Japanese companies have no ulterior motive for their philanthropy; they give for the same reasons that American corporations give, says the head of the Hitachi Foundation (My View).

About Managing Non-Profits

1 Some large non-profits have been forced to lay off employees and institute hiring freezes, and many observers believe the worst is yet to come.

25 Many of the country's largest United Ways are still withholding their dues from United Way of America, pushing the organization to the brink of financial collapse.

31 San Francisco's United Way has cut aid to local Boy Scout councils because of the Scouts' ban on homosexuals.

32 The number of statewide associations of non-profits is likely to increase in the next few years, says a report of a project to develop such groups.

39 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About Gifts and Giving

8 Asians and Hispanics living in the United States give more to charity than previously believed, says a new report.

13 Recent gifts to non-profit organizations and institutions.

MICHAEL VAUGHN, FOR THE CHRONICLE

Giving money to raise money 19

About Human Services

6 A Philadelphia non-profit helps elderly women create groups in which they can talk about their problems. Now the approach may be tried nationwide.

12 The Robert Wood Johnson Foundation will spend $2.5-million to improve day-care services for the elderly.

12 A new national fund will raise money for programs that aid women and children.

About the Arts

13 Texaco is withdrawing its support for public television's "Great Performances" series.

32 Museums and the grant makers that support them are being urged to do more to make sure the institutions are meeting the needs of their communities, especially in education.

About Volunteers

12 Points of Light 732 to 743 were named by the Bush Administration.

Of Special Interest to Board Members

1 **Financial problems are forcing many non-profits to lay off employees or institute hiring freezes, and many groups are taking a new look at their employment policies.**

20 **To figure out how effective fund-raising efforts really are, non-profits need to change they way they set budget for their development departments, says one expert.**

About Fund Raising

19 Non-profits are getting help from foundations in trying to improve their fund raising.

20 Many non-profits are unwilling to experiment with new fund-raising ideas, even if the ideas might bring in more money, says one expert.

22 The National Society of Fund Raising Executives is expected to restore to its code of ethics a ban on commissions.

22 An organization of direct-mail fund raisers has adopted new standards for the use of donor lists.

22 A chart summarizes key provisions of fund-raising laws in all 50 states.

24 The Black United Fund of New York won't manage the federal employees' fund-raising drive in the city this year.

24 A cookbook is raising money for a Chicago children's charity; a "gelatin jump" brings in donations for a health group (Ideas).

30 While the market for jobs at charities appears to be getting tighter, demand for fund raisers remains high.

41 Fund raisers should support a more-generous tax deduction for gifts to the truly needy, says columnist Irving Warner (Opinion).

23 Interest rates for planned gifts, issued by the Internal Revenue Service.

Also in This Issue

39 **Tax Watch:** Detailed guidelines for audits of hospitals, a new idea for reporting by charities, a look at evangelist Pat Robertson's cable-TV company, and an extended deadline for comments on sponsorship rules.

36 **Press Clippings:** *Golf Digest* on whether the PGA Tour is as charitable as it claims, *Time* on channeling charity through government, and *Hispanic* on whether foundations do enough for Latinos.

38 **Books:** Recent publications on philanthropy, fund raising, and non-profit management.

40 **Letters** on telephone deals for non-profits, foundations and social problems, the salary of the head of the Wilderness Society, and standards for social-service agencies.

39 **Bills:** Legislation introduced in Congress that is of interest to non-profits.

Corrections

▶ A chart on compensation for non-profit executives (March 24) contained an incorrect amount for the benefits paid to Pablo Eisenberg, president of the Center for Community Change in Washington. Mr. Eisenberg received $17,891 in benefits in 1991.

▶ A chart on 1991 fund-raising results at 58 private colleges (February 11) incorrectly identified one institution. The figures listed for Holy Cross College in Indiana were the figures for College of the Holy Cross in Worcester, Mass.

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State Registration Requirements for Charities and Fund Raisers

	For charitable organizations	For paid solicitors	For fund-raising counsel
Alabama	Registration requested (not required by law).	Registration requested (not required by law).	Registration requested (not required by law).
Alaska	None.	None.	None.
Arizona	Annual registration.	None.	None.
Arkansas	Annual registration.	$100 registration and $10,000 bond. $10 registration for individuals employed by a paid solicitor.	$100 registration and $10,000 bond. No registration for counsel working with churches and other religious organizations.
California	Initial registration for organizations located or doing business in the state. Over 200 cities and counties have solicitation ordinances that may require registration.	Annual registration with $200 fee for commercial fund raisers who receive and control funds. $25,000 bond.	None.
Colorado	File solicitation notice prior to campaign. $62.50 fee.	None.	None.
Connecticut	Initial registration. $20 fee.	$100 registration fee and $20,000 bond. Must file a copy of contracts with charitable organizations.	No registration or bond for counsel not having custody of funds. Counsel must file a copy of contracts with charitable organizations.
Delaware	None.	None.	None.
District of Columbia	Licensing is $80 per year.	None.	None.
Florida[1]	Annual registration. Fees range from $50 to $100 based on receipts. No fee if proceeds are less then $5,000.	Registration. $200 fee and $50,000 bond.	Registration. $200 fee. No bond.
Georgia	Registration. $25 fee.	Registration, $250 fee and $10,000 bond. File solicitation notice prior to campaign.	None. If counsel has custody of funds, register as paid solicitor.
Hawaii	Annual registration. $10 fee.	$50 registration and $5,000 bond.	$50 registration and $5,000 bond.
Idaho	None.	None.	None.
Illinois[1]	Initial registration.	Registration and $10,000 bond.	Registration every two years.
Indiana	Organizations located in the state must register with the Department of Revenue, Not-for-Profit Division.	$50 registration. Notice filing due prior to campaigns.	$50 registration. Notice filing due prior to campaigns.
Iowa	None.	Registration permit for professional fund raisers. $10 fee.	None.
Kansas	Annual registration. $20 fee.	Registration. $5,000 bond.	Registration. $5,000 bond.
Kentucky	Registration annually by filing IRS Form 990.	Registration.	Registration.
Louisiana	Registration prior to campaigns for organizations using professional solicitors or fund-raising counsel.	None.	None.
Maine	Initial registration, $25 fee. State will issue renewal notice.	$100 registration fee and $10,000 bond. Registration and bond required for commercial co-venturers.	$100 registration fee and $10,000 bond.
Maryland	Annual registration fees. $50-$200 fee, depending on proceeds. No fee if proceeds are less than $25,000 and no fund raiser is used.	$200 registration and $25,000 bond.	$100 registration fee. No bond.
Massachusetts	Annual registration fee, $25 fee. Additional $10 for solicitation certificate.	$10 registration fee and $10,000 bond. Registration and bond required for commercial co-venturers.	$10 registration fee. No bond.
Michigan	Annual licensing.	Licensing and $10,000 bond.	Licensing and $10,000 bond.
Minnesota	$25 annual registration. No fee for organizations raising or spending less than $25,000.	$200 registration fee and $20,000 bond if fund raiser has custody of funds.	$200 registration fee. No bond.
Mississippi[2]	$50 annual registration.	Registration and $25,000 bond.	Registration and $25,000 bond.
Missouri	$15 annual registration. 501(c)(3) organizations are exempt from registration.	$50 registration.	None.
Montana	None.	None.	None.
Nebraska	For out-of-state charities certificate granted upon filing of articles of incorporation and by-laws with Secretary of State, $1 fee.	None.	None.
Nevada	No fund-raising registration. Foreign non-profit corporations must qualify before doing business in Nevada.	None.	None.
New Hampshire	$25 one-time registration.	$75 registration and $10,000 bond.	$75 registration and $10,000 bond.

Fund Raisers' Society Expected to Restore Ban on Commissions

The National Society of Fund Raising Executives is moving to restore to its code of ethics a ban that prohibits the organization's members from accepting commissions.

The group's ethics committee has recommended that the NSFRE restore the prohibition, after widespread criticism from members who disagreed with the decision to drop the ban in 1989.

The prohibition was deleted from the code in large part because the society's lawyers said they were afraid the ban might be considered a violation of federal antitrust laws. The lawyers said they feared the society could be sued by members who would charge the ban on commissions was a restraint of free trade.

The society is reconsidering its position because rulings by the Federal Trade Commission over the last two years "have made us believe we were not as exposed as we thought," said Patricia F. Lewis, the group's president. "Our position has always been that we don't support percentage-based compensation. We never really moved from our position; we just removed it from the code."

The ban against commissions must still win approval from the organization's board and its national assembly, a 200-member body that oversees the society's activities.

Sources said they expected that the prohibition would be approved.

"I've spoken to many chapters, and my read of the membership is that they never understood why it was removed in the first place and they expected to see it restored," said Henry Goldstein, chair of the ethics committee and president of the Oram Group in New York. "It's the right thing to do."

Controversial Decision

Dropping the ban on commissions was extremely controversial. Many members of the society said they feared that if the practice of accepting commissions, instead of flat fees, became more widespread, donors might become more hesitant to give to charity. People would not want to give if they knew a percentage of their contribution would go to a professional fund raiser, those critics said. Others said that fund raisers who accepted commissions would be tempted to pursue large donations in short periods of time instead of concentrating on the charity's well-being, which, they argued, depends on cultivating donors' support and involvement over the long run.

On the other hand, opponents of the ban noted that new and struggling non-profits often express concern that they don't have the means to pay professional fund-raising consultants' fees. They sometimes offer fund raisers a percentage of the proceeds because they see that as the only way to pay for sorely needed fund-raising programs.

"But this is not necessarily a reason to change your code of ethics," said Ms. Lewis. "We try to offer assistance to new organizations, providing them with technical and other assistance that will help them develop their fund raising."

The NSFRE, she noted, has two special programs to provide new and struggling non-profits with *pro bono* or low-cost assistance from experienced fund raisers.

—HOLLY HALL

Direct-Mail Fund Raisers' Group Toughens Rules on Lists of Donors

The Association of Direct Response Fundraising Counsel is taking steps to crack down on direct-mail consultants who take unfair advantage of their non-profit clients.

The organization has added new standards to its ethics code in an attempt to ease concerns among policy makers and non-profits that some consultants exert too much control over the charities they work with.

The new standards, which were added to the organization's Rules of Business Ethics and Practice, stipulate that the group's members must abide by the principles that:

► Non-profits, not their fund-raising consultants, own direct-mail lists of donors and therefore have the ultimate say over how often and in what manner their lists may be used to raise money.

► A non-profit should be told of a consultant's plans to rent or exchange the charity's list and should be given the opportunity to approve or reject such plans. If a consultant rents a charity's list to another group, the charity that owns the list should be allowed to examine the direct-mail appeals that will be sent to its donors.

► The amount a consultant will earn from renting a client's list to other organizations should be clearly specified in its contract with the non-profit. That contract must be drawn up before a direct-mail campaign is started.

► Consultants must make a non-profit client aware in writing of the "marketplace value" of its list—the money it could generate if it were rented to other mailers.

► A consultant's right to any of the proceeds from renting a non-profit's donor list ends when the consultant-client relationship is concluded.

► Consultants should make efforts to insure that non-profits give donors the opportunity to withdraw their names and addresses when the donor list is exchanged or rented by other mailers.

Some members of the direct-mail organization expressed concern over the requirement that they

	For charitable organizations	For paid solicitors	For fund-raising counsel
New Jersey	$5 initial registration.	$50 registration and $10,000 bond. $10 registration for people working for paid solicitor.	$50 registration and $10,000 bond.
New Mexico	Annual registration.	None. Some municipalities have bonding requirements.	None.
New York	$25 initial registration. Not-for-profit corporations and others holding or administering property for charitable purposes in the state must register with the New York Charities Bureau of the Attorney General's Office.	$800 registration fee and $10,000 bond. $80 registration fee for individual professional solicitors.	$800 registration fee. No bond.
North Carolina	$25 to $100 annual registration fee based on receipts.	$100 licensing fee and $20,000 bond.	$100 licensing fee and $20,000 bond if counsel has custody of funds.
North Dakota	$10 annual registration fee.	$100 registration fee.	$100 registration fee.
Ohio	Annual registration for out-of-state charities and Ohio organizations not already registered under the state's Trust Act. $50 to $200 fee, depending on amount of contributions raised in state.	$200 registration. $25,000 bond.	No registration. Only counsel with custody of funds must register. $200 fee and $25,000 bond.
Oklahoma	$15 annual registration fee.	$50 registration fee and $2,500 bond.	None.
Oregon[3]	Initial registration.	$250 registration fee.	$250 registration fee for counsel who advise on direct mail, have access to contributions, or have authority to pay expenses.
Pennsylvania	Annual registration. $15 to $100 depending on revenues.	$100 registration fee and $25,000 bond.	$100 registration fee. No bond.
Rhode Island	$75 annual registration fee.	$100 registration fee and $10,000 bond.	$100 registration fee and $10,000 bond.
South Carolina	$50 annual registration fee.	$50 registration fee and $5,000 bond.	$50 registration fee and $5,000 bond.
South Dakota	None.	Telephone solicitors must register, file $10,000 or $20,000 bond, depending on type of services provided. Financial report due 90 days after campaign.	None.
Tennessee	$50 initial annual registration fee; thereafter fees range from $50 to $200.	$1,000 registration fee and $10,000 bond.	$1,000 registration fee and $10,000 bond.
Texas	One-time $7 registration fee for persons soliciting for non-governmental "low-enforcement organizations" only.	One-time registration for solicitors of non-governmental "law-enforcement organizations" only. No bond.	None.
Utah	Annual registration and permit. $0 to $100 fee, depending on receipts in state.	$150 registration fee and $10,000 bond.	None.
Vermont	None.	Notice of solicitation must be filed with Attorney General at least 10 days prior to campaign. $20,000 bond.	None.
Virginia	Annual registration. $30 to $325 fee based on previous year's receipts. Initial registration may require $100 surcharge.	$500 registration fee and $20,000 bond. $250 late filing fee.	$100 registration fee. No bond.
Washington	$10 annual registration fee.	$50 registration fee and $15,000 bond for all "independent fund raisers." Bond reduced to $5,000 after first year if fund raiser qualifies with two of the following: does not handle funds, does not incur expenses on behalf of charity, is not compensated on percentage basis. Bond waived after first year if fund raiser meets all three conditions.	$50 registration fee. Must file bond if counsel handles funds, incurs expenses on behalf of the charity, or is compensated on a percentage basis.
West Virginia	Annual registration fee of $15 to $50 depending on receipts.	$50 registration fee and $10,000 bond.	$50 registration fee and $10,000 bond.
Wisconsin	$10 initial registration fee.	$50 registration fee and $5,000 bond. Individual solicitors must register, $10 fee.	$50 registration fee and $5,000 bond.
Wyoming	None.	None.	None.

[1] Statute took effect on January 1, 1992 [2] Registration new as of July 1991 [3] New statute became effective in September 1991

Note: Data are accurate as of January 1. Updated information on state legislation is available from Legislative Monitor, a service of the American Association of Fund Raising Counsel. This is a partial chart reprinted from "Giving USA Update," published by the AAFRC Trust for Philanthropy. Complete details, including regulatory agencies, reporting dates and requirements, exemptions, solicitation disclosures required of charitable organizations, and a glossary, are available for $10 from the trust at 25 West 43rd Street, New York 10036.

SOURCE: AAFRC Trust for Philanthropy

disclose the marketplace value of lists to clients. They said that direct-mail experts don't agree about how to calculate the value of donor lists and that it could be difficult or impossible to assign values to lists that have not been rented or exchanged before.

"The reality is that, while it is difficult to pinpoint the precise value of any particular donor list, there are indicators to help determine value," said Mal Warwick, vice-chair of the association and chairman of Mal Warwick & Associates in Berkeley, Cal. "Within limits, we can give some idea of whether a list is valuable and what that value might be."

The association, which represents 40 consulting firms that handle direct-mail campaigns for non-profits, has been working on the new rules for about two years. The effort began after the press, state attorneys general, and federal postal officials accused some groups of direct-mail abuses and suggested that new regulations might be needed. —HOLLY HALL

■

Following is the text of the new standards:

The acquired donor list is the essential product of a direct-response campaign. Its primary value for the non-profit client lies in future fund raising from donors who are now identified and have a relationship with the organization. The donor list has secondary, but considerable, value due to its potential as a commodity in the direct-response marketplace.

The economic justification for direct-response fund raising rests on the future management and control of this resource by the non-profit organization. As an ethical principle, it follows that the donor list is inherently the property of the non-profit. At the same time, we recognize that the list resource can afford the means by which a non-profit, especially a new or under-capitalized organization, can sustain a fund-raising program.

A non-profit organization is free to dispose of its list resource—like any other property—in any manner it chooses. But the fiduciary relationship of client and fund-raising counsel creates a special case. The association firmly believes that voluntary restraints upon dispositions of list rights to counsel are essential. These and other measures can only serve to protect the security and integrity of the donor list. Therefore:

A. A member may not acquire any right or interest from its client that precludes the non-profit client's right to conduct fund raising with its donor file when and as it sees fit.

B. All income or financial benefit derived from the donor list's marketplace value must go to the non-profit client unless the following conditions are met:

(i) An allocation to counsel, as part of payment of fees for services rendered, is clearly specified in the contract.

(ii) Before entering into the contract, counsel must provide the non-profit client with a written, full, and fair disclosure of the marketplace value of donor lists.

(iii) Any right of a member to income or financial benefit from the donor list (except for new names acquired during the member's tenure as counsel) must be terminated with the end, for any reason, of the member's services as counsel.

C. Notwithstanding the above, a member may retain a contingent security interest in a donor list's marketplace applications, provided:

(i) The interest is fully and clearly set out in the contract; and

(ii) The interest applies solely to the satisfaction of earned and overdue fees of certain amount and attendant direct expenses as set out in the client-counsel contract.

D. To protect the security and integrity of the donor list, a member firm shall use its best efforts to assure that:

(i) The non-profit client has the right to veto list rentals or exchanges to mailers that it deems competitive or damaging to its fund-raising interests. Included is the right to examine proposed mail packages or scripts.

(ii) The donor file is protected by a "decoy" or "seed" system, monitored by the non-profit client, designed to track every transaction involving the donor file.

(iii) A regularly updated, duplicate copy ("fire file") of the donor file, readily accessible and obtainable by the non-profit client, is maintained.

(iv) The non-profit client regularly (ordinarily, at least once a year) informs its donors of the marketplace use of the donor file and affords them a reasonable opportunity to withdraw their names from such uses.

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

May 1991	9.6%
June	9.6
July	9.6
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4

SOURCE: PG Calc Inc.

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OPINION

Commentary and Letters

No Ulterior Motive for Japanese Philanthropy

By DELWIN A. ROY

IN 1986, while attending a luncheon at the annual meeting of Independent Sector, I sat next to the president of one of the largest private foundations in the United States. As the head of a new foundation supported by a Japanese company, I asked him what he thought about the advent of Japanese philanthropy in the United States. He said belligerently: "I know what they're up to. They will learn the way we do it, get it right—and then do it better than anyone else."

Since that conversation, I've heard numerous detractors of Japanese giving practices in the United States and other self-appointed "rainmakers" line up in that curious American mixture that alternately seems to demand "more" from Japan and note the nefarious means by which "more"—when it comes—is used to suborn the American mind and leadership to serve Japan's public-relations aims. Consultants, public-relations firms, and pundits—most of whom are ill-informed and have little knowledge of Japan—nevertheless have predicted that by the end of the century, total Japanese corporate philanthropy will exceed that of American businesses. The rainmakers amiably coexist with the detractors, the major message of the latter being: "America's soul is being bought with tax-free dollars."

MY VIEW

The implication that philanthropy from Japan can only be for insidious purposes by virtue of being of Japanese origin is clearly unwarranted.

Nowhere is this seeming contradiction more apparent than in two recent events: the "timely" issuing of a report, on the day before the 50th anniversary of Pearl Harbor, by the Center for Public Integrity (a think tank supported mostly by American broadcasting companies) entitled "Buying the American Mind: Japan's Quest for U.S. Ideas in Science, Economic Policy, and the Schools," and the seminar series "Japan at the American Grassroots," sponsored by the newsletter *Corporate Philanthropy Report*.

Noting that in the past five years, Japanese charitable contributions in the amount of $175-million have gone to America's colleges and universities, the Center for Public Integrity report warned: "The Japanese clearly are willing to spend sizable sums for . . . [the] acquisition of the American mind." The report failed to note that in the same period, American corporations contributed an estimated $7.9-billion to higher education, much of it for proprietary research, and that Japan's "quest" represents a mere 2 per cent of total corporate contributions to this sector between 1986-1990. Of the $7.9-billion that U.S. corporations channeled to higher education, 25 per cent, or $2.1-billion, went to research. Even if all of the reported $175-million in Japanese support provided to American colleges and universities went to finance research, this would still only represent 8 per cent of total corporate research support.

The actual magnitude of the spending involved often seems lost in the U.S.-Japan debate, and the news media's response to the center's report, conveyed in hundreds of American newspapers, is no exception. The Associated Press story stemming from the center's press conference on the report highlighted the case of Harvard University. In the past few years it received $93-million in Japanese corporate contributions, the bulk of which was an $85-million grant from the Shiseido Corporation that is to be distributed over 10 years to the university and Massachusetts General Hospital for the construction of a new cutaneous-biology research center. The majority of the remainder came from such companies as Sumitomo Bank Limited and Toyota. The center's news release noted that "the institution [Harvard] received $93-million . . . mainly from Shiseido, Toyota, Sumitomo, Nomura Securities, Todai Corporation, and the Hitachi Foundation." The release did not note that the only contribution by the Hitachi Foundation to Harvard was $60,673 to help support a computer "hot line" to assist new teachers in cop-

LETTERS

Non-Profits Can Get Value From Phone Deals

TO THE EDITOR:

"Charities Hanging Up on Phone Deals" by Vince Stehle (March 10) failed to address the important fund-raising service that "switchless resellers" or "aggregators" are providing non-profit organizations and charities in the long-distance telephone field.

Unfortunately, most of the article was a negative slam-dunk, putting down these companies without giving them an opportunity to respond to its erroneous allegations.

From the article's misleading headline, the reporter's many misrepresentations, lack of thorough research, key omissions of fact, and insufficient communication with switchless resellers, *The Chronicle of Philanthropy* has done a grave injustice to a new industry and the non-profit organizations and charities which they serve.

This new industry is growing in partnership with non-profit organizations. Its survival will depend on the survival and growth of the non-profit sector.

Vince Stehle's gratuitous slap at this burgeoning industry does little to encourage non-profits to do anything other than ignore or mistrust it precisely at a time when non-profits are struggling to find new sources of revenue.

The article also does little to encourage other industries which may be considering co-marketing arrangements which could be beneficial to the non-profit sector.

The Chronicle of Philanthropy has been a leading voice on behalf of the non-profit sector seeking new trends and ideas in fund raising.

In that spirit, I hope *The Chronicle* will provide a more balanced and accurate assessment of the positive role that switchless resellers are providing non-profits and charities. A more thoroughly researched article on this subject would be greatly appreciated.

ALLEN EYTAN
President
Capitol Development Group, Ltd.
Baltimore

TO THE EDITOR:

As I was browsing through *The Chronicle*, the headline "Charities Hanging Up on Phone Deals" and the subhead

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The Newspaper of the Non-Profit World

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THE BURDEN OF THE FORD FOUNDATION

The nation's largest grant maker is the focal point of debate about all that is right, and wrong, with American philanthropy

By KRISTIN A. GOSS

NEW YORK

J. T. MILLER

Ford President Franklin A. Thomas: "With appropriate respect for all that's gone before and building on all that's gone before, there is more intellectual horsepower in this place now than there has ever been."

IN RECENT MONTHS, the Ford Foundation has awarded grants to create advocacy centers for children in Nigeria, increase the number of Navajo Indians who become schoolteachers, explore obstacles to settling the Palestinian-Israeli conflict, study the effectiveness of the Norplant birth-control device among Bangladeshi women, help the Indonesian government give farmers more responsibility for local irrigation, and assist community-development efforts in San Diego.

Those wide-ranging grants, just a fraction of the $300-million Ford expects to distribute this year, illustrate the paradox of the world's largest private grant maker:

► To its supporters, Ford is a shining example of organized philanthropy, quietly backing distinguished institutions and creating coalitions of non-profits—and reaching out to other foundations—to try to solve some of the world's most difficult social problems.

► To its critics, it is a bureaucratic behemoth that has spread its resources so thin that it lacks the necessary focus to make deep and lasting progress in any area and has lost its leadership role in American philanthropy.

"The Ford Foundation has a superpower problem," says Craig Kennedy, a former president of the Joyce Foundation in Chicago. "For five decades, they have been the biggest and most powerful foundation in the United States. Everyone expects them to be the leader."

"In the field of philanthropy in the United States, we do need institutions that have vision and bring leadership," says Terry T. Saario, president of the Northwest Area Foundation and a former Ford program officer. "And I believe Ford over the last decade has lost some of those qualities, and it has created a void in the field for all of us."

"It's a funny place," says William M. Dietel, a former president of the Rockefeller Brothers Fund and a long-time board member of the Winrock International Institute for Agricultural Development, a Ford grant recipient in Arkansas. "Here is this giant in the field, and it seems to get more anonymous with every passing year. But the truth is that they're doing terrific work."

$6.3-Billion in Assets, 1,400 Grants

Ford has assets of $6.3-billion, employs 574 people, operates 17 offices on four continents, and made more than 1,400 grants and program-related investments totaling almost $270-million last year. Its informational tax return is seven inches thick—more than three times the size of the Manhattan phone book.

Ford's vast wealth, power, and reach make it the focal point of debate on virtually every serious question facing foundations today. Among those questions:

► How can private grants improve human lives and influence public policy when the problems are deep and complex, foundation assets are meager relative to government budgets, and many big social

Continued on Page

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AP/WIDE WORLD

Slower Japanese Giving

The drop in Japan's stock market (*above*) is likely to slow charitable giving by Japanese companies in the United States during the coming year. Story on Page 7.

United Way Salaries

The controversy at United Way of America is leading many local United Ways to reconsider the salaries and perquisites of their chief executives. Story on Page 27.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Fund Raising

22 A combined arts fund in Orlando, Fla., made substantial gains when individual arts groups got rid of their fund raisers, but now the drive has run into trouble.

24 Donations to coalitions that raise money for the arts fell 2 per cent in 1991, the first such decline since 1975.

23 Contributions to hospitals dropped 5.5 per cent last year, the second consecutive year to see a decrease.

23 The American Red Cross is starting a big fund-raising drive to replenish its disaster-relief fund.

14 Music-industry executives and celebrities have created a new non-profit to raise money for AIDS organizations.

28 United Way campaigns appear to be barely keeping place with inflation, but they are still expected to set a record.

26 California's Attorney General says charities that use outside fund raisers received only one of every three dollars raised in their behalf. The Attorney General is also suing one charity and its fund raisers for allegedly misleading the public.

25 Update on campaigns for endowments and capital improvements.

14 The University of Michigan will receive $30-million; other recent gifts.

26 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Managing Non-Profits

27 Some local United Ways are re-examining the salaries and perquisites of their chief executives in the wake of the controversy over United Way of America. Others say they don't need to.

29 Connecticut is investigating whether a local United Way employee gave thousands of dollars worth of food vouchers to ineligible people.

14 Independent Sector has given national leaders a list of 13 things they could do to help non-profits.

35 Tax Watch: Reminders for non-profits on rules for tours, rulings on employment policies, restoration of an Oregon YMCA's property-tax exemption, an IRS "town meeting" for non-profits, a September 1 deadline for hospitals, and a tax-court ruling on a bum's rush.

26 A Chicago radio station advises charities on how to get attention from the news media (Ideas).

31 Summaries of annual reports from the American Lung Association, CARE, and Covenant House.

35 Reports on charities by the National Charities Information Bureau.

JUDY WATSON TRACY, FOR THE CHRONICLE

Raising money for the arts in Orlando, Fla. 22

About Foundations

1 Today's Ford Foundation presents a paradox: Is it a shining example of modern philanthropy or a bureaucratic behemoth that has spread itself too thin?

15 Issues of racial diversity and harmony dominated discussions at last week's meeting of the Council on Foundations.

17 A new report faults foundations for spending too little on programs for women and girls.

14 Grant makers in Pennsylvania have joined forces to support arts education.

16 A series of anti-abortion advertisements has focused unusual attention on the low-profile Arthur S. De Moss Foundation.

18 Recent grants by foundations, corporations, and other grant makers.

Of Special Interest to Board Members

22 **Creation of an arts coalition in Orlando, Fla., relieved board members of individual organizations of some of their fund-raising responsibilities, but the trustees may have become too complacent. Donations dropped this year.**

27 **Some boards of local United Ways are re-examining the salaries and perquisites of their chief executives in the wake of controversy at United Way of America. Other boards say they don't need to engage in a review because they do so regularly.**

About Corporations

7 Charitable giving by Japanese companies is likely to slow in the coming year, due to the drop in Japan's stock market.

14 The Federal Home Loan Mortgage Corporation, known as Freddie Mac, has joined forces with a national non-profit to increase the supply of low-cost housing.

18 The philanthropic arm of the Hospital Corporation of America has given out more than $100,000 in grants to encourage more cooperation among charities.

29 A lawsuit filed by heirs to the Hormel meat-packing fortune could determine the future of a charity that bears the family name.

About Children and Youth

16 "Mentoring" programs that match adults with troubled children have posted only modest success, says a new report.

26 Children at a New York elementary school who have learning disabilities have been finding out how to make money—and give it away (Ideas).

About Volunteers

26 A Massachusetts United Way uses special buttons to thank its volunteers (Ideas).

14 Points of Light 744 to 755 were named by the Bush Administration.

Also In This Issue

36 **Opinion:** Marjorie F. Graham on the inequities in the United Way system and Leslie Lenkowsky on philanthropy and child welfare.

36 **Letters** on what makes a professional fund raiser, how to find tomorrow's non-profit leaders, the failure of a New York charity's magazine, getting information on salaries, and ignoble comments about a United Way leader.

30 **Books:** Reflections by the philanthropist Paul Mellon, advice for non-profits on using technology, and summaries of other new books and publications.

Corrections

► An article on a decision by the United Way of the Bay Area to cease its general support payments to local Boy Scouts councils (April 21) erroneously described conditions that organizations must meet to use the United Way name and logo. Local units are allowed to support groups that discriminate on the basis of sexual orientation.

► Because of incorrect information supplied by the Joint Federations Public Policy Partnership, *The Chronicle* omitted the names of two organizations that are participating in a program to help their member agencies deal with racial and cultural tensions (April 21). They are the Asian American Federation and the Hispanic Federation of New York City.

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Study Faults Grant Makers for Directing Too Little Money to Women's Programs

Only 4.1 per cent of all foundation grants made in 1990 went specifically for programs to help women and girls, said a report issued last week.

The report, "Getting it Done: From Commitment to Action on Funding for Women and Girls," was released by Women and Foundations/Corporate Philanthropy, a group of foundation officials who concentrate on issues affecting women and minorities.

"There are specific needs for women that must be met but won't be met unless grants are earmarked for women," said Stephanie Clohesy, chair of the group's Action Research Committee.

"We haven't gone on record saying there should be some absolute amount earmarked for women, but you don't need to know what the absolute figure should be to know that 4 per cent is too low," said Ms. Clohesy, who is the program director for leadership, volunteerism, and philanthropy programs at the W. K. Kellogg Foundation.

The study also found a small increase in the number of women on foundation boards. Twenty-three per cent of the people on the boards were female last year. In 1989, the only other year for which the organization collected such numbers, 20 per cent of foundation board members were women.

A Fivefold Increase

Over the last decade, the amount of grant money specifically directed to benefit women and girls rose from $37-million, in 1981, to $184-million, in 1990. While the dollar value of grants increased approximately fivefold, the proportion of foundation grants going to women rose from 2.9 per cent in 1981 to just 4.1 per cent in 1990.

In each category of grants, the share earmarked for women represented a small portion of foundation grants. But in some categories, women received a higher percentage of grants than others.

Of the $1.1-billion in foundation grants made to support education, $26-million, or 2.3 per cent, worth of grants went to programs for women and girls. Of the $44-million that went to civil-rights groups, programs for women received $8.8-million, or 19 per cent. And among $70.2-million in youth-development grants, programs for girls received $14.8-million, representing 21 per cent of the total.

But giving to hospitals was more representative of foundation giving generally, where programs for women and girls received $9.7-million, or 3.6 per cent of the $269-million given.

Little in the Arts

Foundation grants for arts and culture programs represented one of the areas in which women received the smallest share, 0.4 per cent. For example, of the $215-million foundations gave to performing-arts groups, $458,000, or 0.2 per cent, went to programs benefiting women and girls.

The figures were drawn from *The Foundation Grants Index*, published by the Foundation Center. Since 1980, the Foundation Center has tabulated the number of grants that have gone to certain types of people, including women and girls, men and boys, disabled people, people with AIDS, and members of minority groups, among others.

None of the groups receives a portion of foundation grants equal to their share of the nation's population, but many of the groups benefit indirectly from grants made to groups that serve the general public.

> **"There are specific needs for women that must be met but won't be met unless grants are earmarked for women."**

"If you look at special population groups, it's always going to look like a particular population group is being underfunded," said Loren Renz, the Foundation Center's director of research. For example, in 1989, the amount of money given directly to programs for men and boys was 0.8 per cent of all grants, a figure that clearly underestimates the amount of foundation money that goes to the male population, she said.

Ms. Renz, who helped in the preparation of "Getting it Done," noted that the vast majority of grants are not earmarked for either women or men or for members of specific minority groups.

Attention Sought for Needs

The Women and Foundations report noted that the amount of foundation money earmarked for women and girls did not represent all of the grants that benefit, in some way or another, the female population. "It certainly doesn't say that those are all the dollars that flow to women via grants," said Ms. Renz.

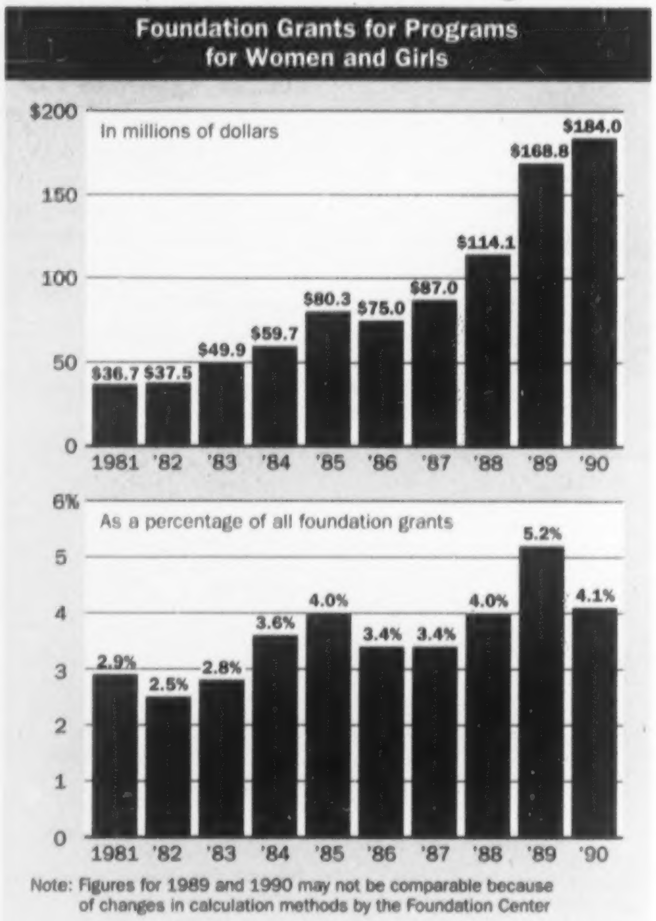
But the report's authors said that to improve their efforts to serve women, foundations must identify their special needs and make more grants that reflect that understanding.

"You can't do it by being completely blind on gender issues," said Ms. Clohesy. "If you're giving money to community health centers, but you don't understand the particular needs of adolescent females or women with OB-GYN problems, then how are you meeting women's needs?"

Copies of "Getting it Done: From Commitment to Action on Funding for Women and Girls," are available for $20 from Women and Foundations/Corporate Philanthropy, 322 Eighth Avenue, Room 702, New York 10010.

—VINCE STEHLE

Foundation Grants for Programs for Women and Girls



Note: Figures for 1989 and 1990 may not be comparable because of changes in calculation methods by the Foundation Center

SOURCE: Women and Foundations/Corporate Philanthropy

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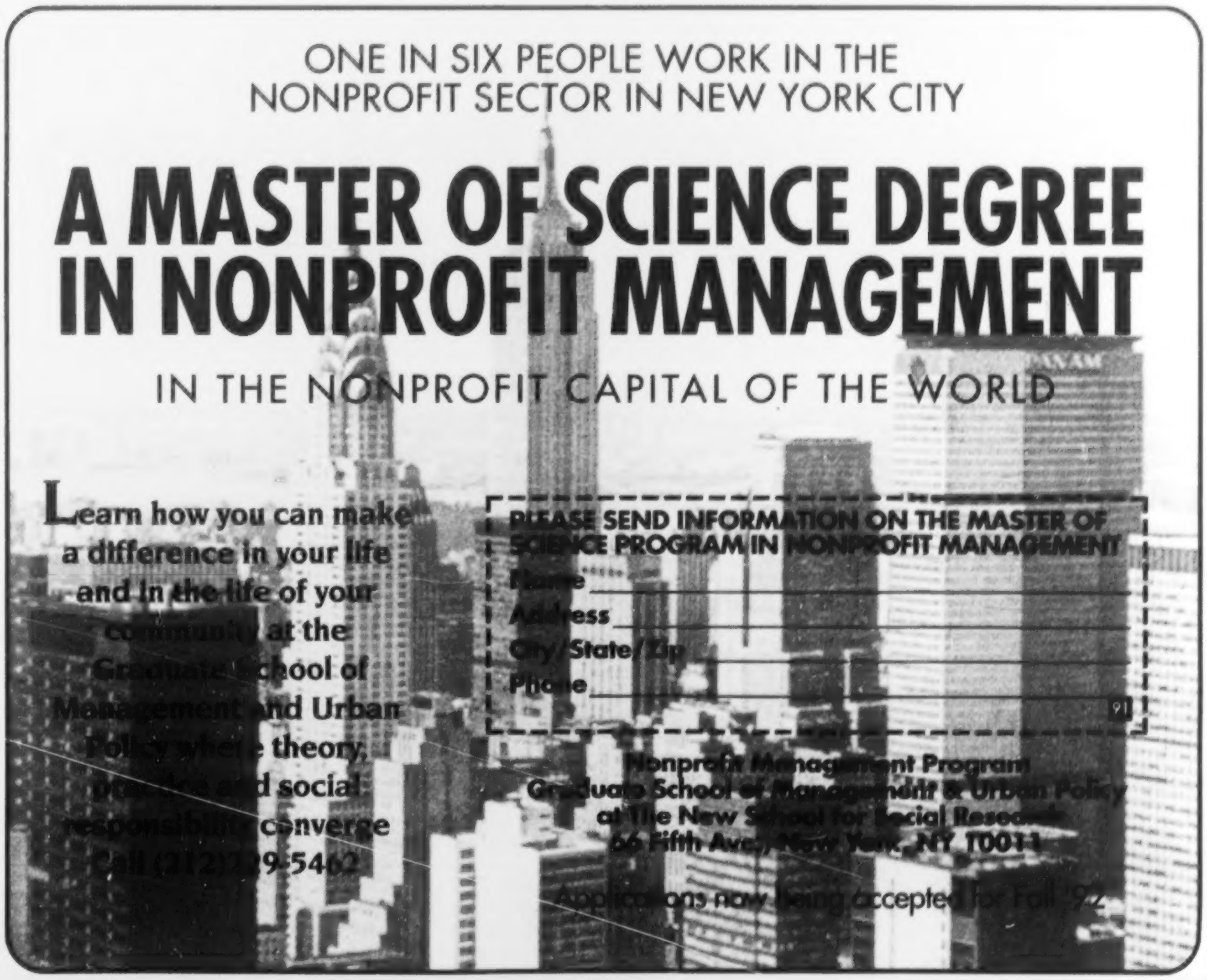
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signed within their organizations, or put on the staff of United Arts.

The organizers "felt that the community would save money by not investing in development officers in every shop," says Marina Grant Morissey, executive director of the Orlando Museum of Art, which this year received $980,000 from the fund. "It made sense, from a corporate standpoint, to merge them together.

"What has proven to be the case is that a lot of donors want to deal with the staffs of the organizations they fund," adds Ms. Morissey. "There is a bond there, to the art form and the staffs, because the staffs talk the art form. They're the ones who know the most about it. And to talk with a generic fund raiser, who may not know the art form that the donors love and cherish, will dig deep to give to, may turn them off. They want to have their souls nourished when they write their check."

Financial Problems Spurred United-Fund Idea

Serious financial troubles facing numerous arts groups in central Florida spurred civic leaders here to consider the idea of a united fund. In 1988, the Florida Symphony Orchestra had a debt of more than $1-million, and the Southern Ballet Theatre and the Orlando Opera Company each had deficits of more than $100,000.

"Three or four of the organizations would have had to close their doors if something wasn't done," recalls Buell G. Duncan, Jr., chairman of Sun Bank, one of Orlando's biggest financial institutions, and a trustee of the arts fund.

Faced with that prospect, Mayor Bill Frederick called together a commission to determine how best the city's business and government leaders could save the major arts organizations. The commission suggested that a unified effort, involving all the leading arts organizations, would attract significantly increased support from businesses if the groups demonstrated an ability to contain costs, including a reduction in fund-raising expenses by eliminating staff members.

Companies and individuals who wanted to be represented on the board had to contribute $100,000 each. For their part, arts groups had to submit their budgets to the arts fund for approval, in addition to cutting their operating costs.

"We really do scrutinize their budgets," says Mr. Duncan. "We want them to operate with a skim-milk budget, cutting out all the fat.

"If we are going to spend $100,000 per year, we want to be sure that the organizations are operating on a businesslike basis, operating on pre-approved budgets, just like we have to."

Each arts organization is still required to raise part of the overall campaign goal, but it must do it without having any professional fund raisers on its staff. As a result, chief executive officers have taken on more fund-raising responsibilities, and other staff and board members are also expected to help solicit gifts. The groups also send direct-mail appeals to their patrons and distribute fund-raising flyers to members of their audience as they did before they became involved in the united fund. But now the proceeds go to United Arts first, not to the groups themselves.

Ban on Asking Corporations for Money

United Arts coordinates the remaining fund-raising efforts, from lobbying state and local governments to increase their arts aid to soliciting gifts from large corporations and wealthy individuals. The arts groups are banned from soliciting money from corporations on

Continued on Page 24

Donations to Hospitals Fell 5.5% Last Year as Corporations and Foundations Gave Less

BESET BY A SHARP DROP in corporate and foundation support, hospitals across the country last year saw contributions fall 5.5 per cent, according to a new report by the Association for Healthcare Philanthropy.

Giving to hospitals fell for the second year in a row, reversing an upward trend that peaked in 1989. Total cash gifts fell to $1.789-billion last year. The previous year, cash gifts to hospitals fell 2.5 per cent, from $1.933-billion in 1989 to $1.885-billion in 1990.

Grants from companies and private foundations decreased from $606-million in 1990 to $484-million in 1991, a 20-per-cent decline.

The downturn in corporate and foundation giving was largely offset by an increase in gifts by individuals, which rose 11 per cent, from $1.07-billion to $1.19-billion last year. But cash gifts from miscellaneous sources, such as other non-profit organizations, fell by 45 per cent, from $209-million to $115-million.

Overall giving, including cash, pledges, planned gifts, and non-cash gifts, such as gifts of medical equipment and supplies, was worth $2.95-billion last year, a 1.7-per-cent decline from 1990.

Hospital fund raisers attributed the decline in foundation and corporate grants to a shift in priorities of grant makers and business leaders.

Less Sympathy for Hospitals

Many business executives, who are faced with dramatic increases in the cost of health-care benefits, have been less sympathetic to hospital fund-raising efforts during the past year, fund raisers say.

Many foundations are moving away from supporting traditional health-care facilities, like hospitals, to making grants for clinics and other facilities that provide health services to people who don't have access to medical care.

In addition, some large foundations, such as the Robert Wood Johnson Foundation and the Henry J. Kaiser Family Foundation, and corporations, such as AT&T, have announced that they are putting more money into efforts to persuade state and federal governments to make the nation's health-care system more efficient.

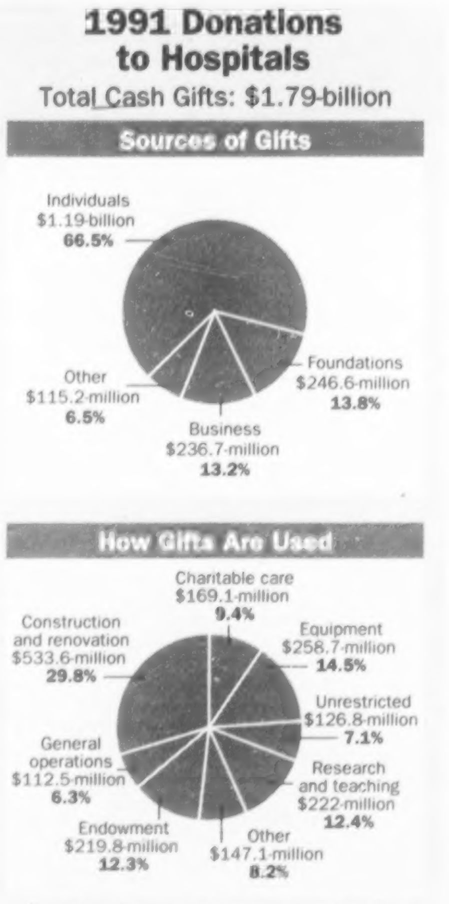
"One of the largest parts of a business budget is the cost of health benefits," says Gordon M. Caswell, president of the Baylor University Medical Center Foundation.

"Business leaders are saying, either directly or indirectly, 'If we're spending so much on the expense side for health care, why should we be giving it away? Until you learn how to bring your costs under control, why should we give more money to hospitals?' "

Although some fund raisers might be inclined to spend more time cultivating corporations and foundations to improve donations from those sources, Mr. Caswell argues that hospital development officers would do better by concentrating on getting big gifts from wealthy people.

Last year, two-thirds of all gifts to hospitals came from individuals; foundations gave 13.8 per cent; corporations gave 13.2 per cent; and 6.5 per cent came from other sources.

The report was based on data from 401 hospitals. Copies of the "Report on Giving" may be ordered from the Association for Healthcare Philanthropy, 313 Park Avenue, Suite 400, Falls Church, Va. 22046; (703) 532-6243. The cost is $25 for members, and $50 for non-members. —VINCE STEHLE



SOURCE: Association for Healthcare Philanthropy

CHRONICLE CHART BY JOJO GRAGASIN

Red Cross Begins Drive to Rebuild Depleted Disaster Fund

Saying its disaster-relief operations are in "serious financial trouble," the American Red Cross has begun a $30-million campaign to help recoup its losses from an unprecedented number of natural and manmade disasters over the past several years.

"Our ability to continue to provide people with the same high level of disaster relief is seriously threatened," said Elizabeth H. Dole, the Red Cross president. "We are coming to a tragic realization: Without people's help now, disasters could leave others helpless later."

In the first nine months of its current fiscal year, the Red Cross headquarters in Washington has spent $47-million on disaster relief, nearly twice the amount that had been budgeted for the year. The charity said it has had to borrow $22.6-million from its reserves to aid victims of Cyclone Val in American Samoa, mud slides in Puerto Rico, and floods throughout Texas, Louisiana, and Southern California, among other disasters.

The organization has taken a number of cost-cutting measures, including a hiring freeze, big cuts in its travel budgets, a moratorium on major purchases, and, last month, the elimination of 204 jobs at its headquarters.

The Red Cross spent $408-million during the past two fiscal years on disaster-relief operations, which included helping the thousands of victims of the Loma Prieta Earthquake in California and Hurricane Hugo.

Mrs. Dole said that the campaign will rely on major gifts from corporations and foundations, direct-mail solicitations, and special events. —KRISTIN A. GOSS

Contributions to Arts Funds Down 2%

Contributions to coalitions that raise money for the arts fell by 2 per cent last year, marking the first downturn in support for such groups since 1975.

For 58 united arts funds reporting in 1990 and 1991, contributions dropped from $83-million to $81.4-million, according to a new study by the American Council for the Arts.

While most arts funds saw modest increases or decreases, the overall figure dropped in large part because of the poor showing registered in Orlando, where United Arts of Central Florida saw contributions plummet 30 per cent, from $7-million in 1990 to $4.9-million in 1991. The bad economy, a crippling symphony strike, and administrative problems in the Orlando fund caused many of the largest contributors to cut their gifts to the the campaign. (See story on Page 22.)

Double-Digit Increases

A few funds saw double-digit growth last year, including Baton Rouge, La., where donations rose 17.5 per cent, and Asheville, N.C., which rose 17 per cent, while others saw equally steep declines, as in New Orleans, where contributions were off by 17.7 per cent, and Jackson, Tenn., where donations fell by 15.6 per cent.

Some fund raisers in cities where contributions fell said that the decline was the result of the recession and the Persian Gulf War.

But other factors also hurt the funds. In some communities, state and local budget deficits forced governments to cut their contributions to the arts funds. And some corporations and foundations have shifted their grants away from the arts to deal with pressing social concerns.

Many united arts funds were established to coordinate corporate contributions to the arts in order to distribute money fairly to several groups, while at the same time reducing the number of requests reaching business leaders. Now, however, arts funds receive support from a variety of sources, including individuals, foundations, and state and local government agencies. Last year, 51 per cent of the money came from corporations, 32 per cent from individuals, 7 per cent from foundations, and 6 per cent from government agencies.

Symphonies Get the Most

The beneficiaries of united arts funds are often the leading arts and cultural organizations in their communities, including performing-arts groups, museums, art schools, and other organizations. Last year, symphonies received the largest share of the donations, 30 per cent, a figure that reflects the fact that symphonies are often the largest arts organizations in their cities. Theaters received 17 per cent; opera companies, 15 per cent; museums, 12 per cent; and dance companies, 8 per cent.

Per-capita giving to united arts funds fell by 19 per cent last year, from $2.39 in 1990 to $1.94 in 1991, halting an upward trend that began in 1981, when it was 95 cents. But some funds did far better last year, including the Arts Council of Winston-Salem, N.C., which received $5.93 per person in its campaign area.

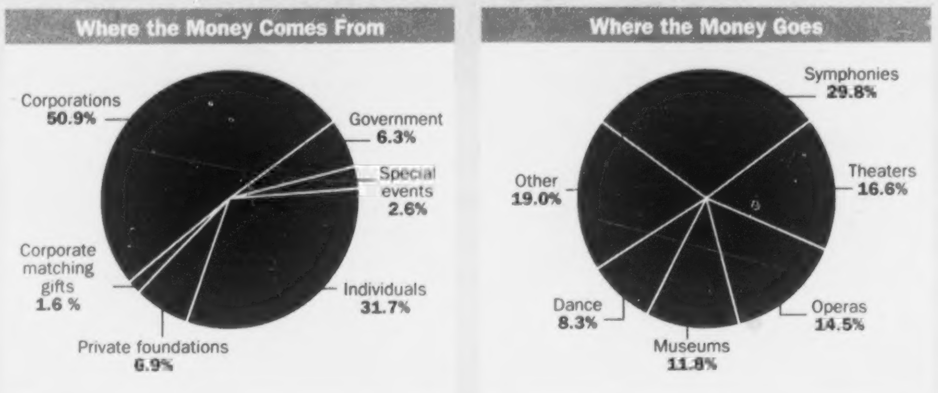
The funds commonly serve purposes other than raising money. Some produce performing-arts events, and some operate arts-education programs. Staffing at the funds varies widely, from one employee in Norfolk, Va., to 37 employees at the Music Center of Los Angeles County, which conducts a centralized fund-raising campaign for the four performing arts groups that operate in the center, as well as for community education programs conducted by the center.

With its 37 employees, the Los Angeles Music Center also raises the most money, by far. Last year, the center took in $16.3-million, compared to $6.2-million raised by the second largest arts fund, the United Performing Arts Fund, in Milwaukee.

Copies of the report, "United Arts Fundraising: 1991," may be obtained for $100 each from the American Council for the Arts, 1 East 53rd Street, New York 10022-4201; (212) 223-2787.

—VINCE STEHLE

1991 Giving to United Arts Funds



Top Tens

In Total Dollars Raised	
Music Center of Los Angeles County	$16,293,000
Milwaukee	6,250,000
Lincoln Center (New York)	5,317,600
Cincinnati	5,217,500
Orlando, Fla.	4,919,200
Louisville, Ky.	4,074,400
Woodruff Center (Atlanta)	3,788,400
Birmingham, Ala.	2,742,700
St. Louis	2,600,000
Charlotte, N.C.	2,356,000

In Per-Capita Giving	
Winston-Salem, N.C.	$5.93
Charlotte, N.C.	4.86
Wausau, Wis.	4.75
Orlando, Fla.	4.58
Louisville, Ky.	4.53
Birmingham, Ala.	4.21
Chattanooga, Tenn.	4.18
Fort Wayne, Ind.	3.73
Milwaukee	3.58
High Point, N.C.	3.54

In Total Dollars Raised from Individuals	
Music Center of Los Angeles County	$7,476,000
Cincinnati	2,976,700
Milwaukee	2,888,200
Louisville, Ky.	2,175,700
Charlotte, N.C.	1,312,700
Orlando, Fla.	1,048,900
St. Louis	1,013,000
Dayton, Ohio	691,700
Winston-Salem, N.C.	563,600
Oklahoma City	510,000

In Percentage Increase from 1990 to 1991	
Baton Rouge, La.	17.5%
Asheville, N.C.	17.0
Battle Creek, Mich.	16.4
Wausau, Wis.	15.8
Lawton, Okla.	12.5
Harrisburg, Pa.	12.2
Erie, Pa.	9.4
Norfolk, Va.	8.8
Chautauqua County, N.Y.	8.5
Louisville, Ky.	7.2

In Percentage of Goal Raised	
New Orleans	145.0%
Baton Rouge, La.	111.8
Battle Creek, Mich.	110.4
Birmingham, Ala.	109.7
Manchester, N.H.	107.5
Wausau, Wis.	105.6
Woodruff Center (Atlanta)	105.2
Cincinnati	102.6
Charleston, W.Va.	101.9
Seattle	101.5

In Total Dollars Raised from Business	
Los Angeles Music Center	$6,075,700
Lincoln Center (New York)	5,317,700
Woodruff Center (Atlanta)	2,876,600
Milwaukee	2,691,600
Seattle	1,923,600
Orlando, Fla.	1,779,700
Cincinnati	1,648,300
Louisville, Ky.	1,534,800
St. Louis	1,398,800
Hartford, Conn.	1,318,000

In Percentage Raised Compared to United Way	
Milwaukee	24.0%
Louisville, Ky.	21.4
Fort Wayne, Ind.	18.6
Music Center of Los Angeles County	18.1
Birmingham, Ala.	15.2
Catawba County, N.C.	14.6
Battle Creek, Mich.	13.4
Winston-Salem, N.C.	13.3
Charlotte, N.C.	13.1
Cultural Center, Canton, Ohio	13.0

In On-the-Job Giving	
Cincinnati	$2,073,300
Louisville, Ky.	1,575,200
Charlotte, N.C.	1,181,500
Milwaukee	1,027,000
St. Louis	619,900
Winston-Salem, N.C.	551,800
Woodruff Center (Atlanta)	290,600
Fort Wayne, Ind.	243,000
Birmingham, Ala.	241,000
St. Paul	222,000

In Total Dollars Raised from Private Foundations	
Music Center of Los Angeles County	$1,119,000
Omaha	655,200
Cincinnati	421,400
Chattanooga, Tenn.	345,200
Woodruff Center (Atlanta)	282,500
St. Paul	257,900
New Orleans	257,000
Fort Worth	247,500
Fort Wayne, Ind.	244,600
Dayton, Ohio	211,200

SOURCE: American Council for the Arts

CHRONICLE CHART BY JOJO GRAGASIN

Raising More by Getting Rid of Fund Raisers

Continued from Page 23

their own, although board members of the groups are often asked to approach business officials on behalf of the united fund.

The arts fund has also conducted broad-based appeals to the general public, but so far these efforts have not paid off as well as campaigns in some other cities. The Orlando fund has received donations from 2,200 people, while the arts fund in Cincinnati, which raised about the same amount as Orlando over all, has 38,000 individual donors

Most participants in the Orlando fund say it would not have moved forward so quickly or successfully without the intense personal involvement of Mr. Frederick, a popular Democrat in a largely Republican city. He is the rare politician, they say, who is willing to put his political prestige on the line on behalf of the arts at a time when many politicians have charged that the arts are a waste of public and private funds. He served as chairman of the campaign in its first year.

Giving Decline Causes Alarm

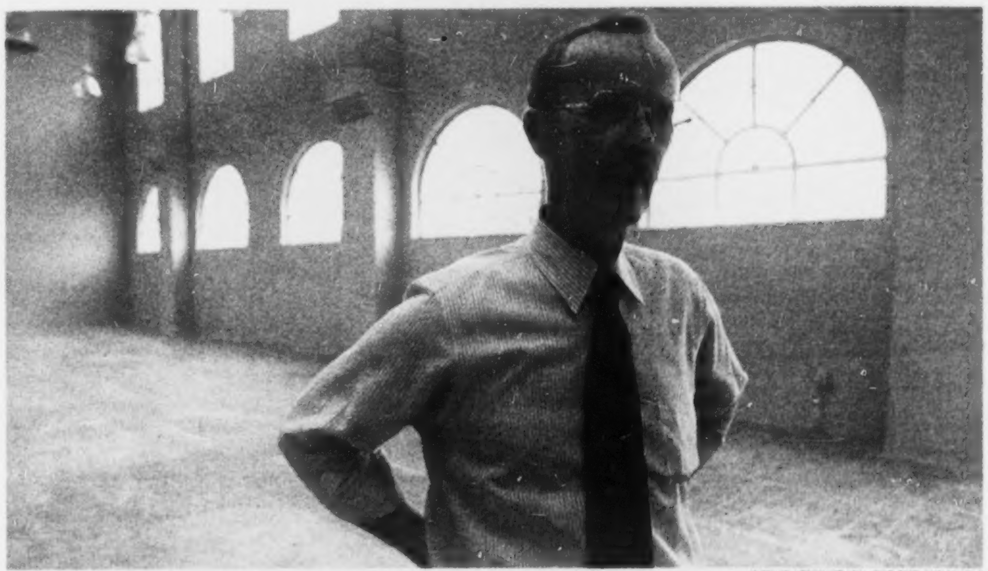
While the successful campaigns of the first two years made arts officials jubilant, last year's collection of $4.9-million—a drop of 30 per cent from the year before—made them extraordinarily nervous.

The 1991 campaign was plagued with a variety of problems. Among them:

► A 17-week strike by musicians at the Florida Symphony annoyed many donors. Musicians said they wanted more money now that the arts drives had helped the orchestra retire its debt, but board members refused, saying they feared that donors would be alienated by increased spending on salaries. Arts-fund officials say donors were indeed annoyed, but some symphony officials say they think donors simply used the strike as an excuse not to give.

► The arts fund's staff was reduced from nine in 1989 to five in 1990, and then to two in 1991. The executive director who had been hired to run the 1991 campaign resigned before the campaign got under way because she was disappointed that the job involved more fund raising than public relations. Mayor Frederick took on other commitments and devoted less time to the fund. Grace C. Lindblom, president of a local computer-software business, took over as volunteer chairman and was credited by many observers with doing as much as possible to avert a campaign disaster. However, says the leader of one arts institution, who asked to remain anonymous, "when the Mayor took on other leadership positions, his absence was detrimental to the campaign."

► Many of the companies and wealthy indididuals who had made big gifts to the fund suffered severe economic problems because of the recession and were forced to cut back their giving. "It's a simple question of economics," says Mr. Duncan, the bank chairman. With



JUDY WATSON TRACY, FOR THE CHRONICLE

Kip Watson, general manager of the Southern Ballet Theatre in Orlando, Fla.: His group had a deficit of more than $100,000 before the city decided to create a unified fund-raising effort for the arts.

the failure of American Pioneer Savings Bank, whose chairman was one of the founding trustees, and with the decline of other businesses, it's no surprise that some trustees had to pull out, Mr. Duncan says.

In addition to those troubles, last year's campaign was harmed by a problem that may raise serious questions about the unified-fund concept: Staff members and volunteers from the arts groups brought in only $700,000 last year, compared to $1.1-million in 1989.

Some arts officials say that once the united arts fund began raising significant amounts of money, some board members and other volunteer supporters of the individual organizations thought they were no longer responsible for raising money at all, even though the groups were expected to help meet the campaign's goals. At the opera company, says Robert Swedberg, who became its general director in October 1990, "the board of directors got kind of complacent."

In fact, he says, one of the reasons he took the job in Orlando was because it had a united arts fund. "I had the perception of a fund that would eliminate the need for constant fund raising," says Mr. Swedberg, who previously worked for the Syracuse Opera. "It must have been a great relief to the board members not to have to go out asking for money all the time."

Besides, he says, local news coverage of the strong response to the first two, highly successful campaigns probably gave the arts groups a false sense of security. "We might have suffered from having press that was overly enthusiastic," he says.

Changes in This Year's Drive

As united-arts-fund leaders prepare for the drive that will open this month, they are determined not to repeat last year's experiences.

This year the Mayor is once again chairman of the campaign. And United Arts has a full-time president, James L. Schott, running the day-to-day operations of the campaign office. Mr. Schott was, until February, superintendent of schools, where he oversaw a budget of more than $900-million. Consequently, arts-fund participants say, they expect him to bring a sharp eye for finance and management to the campaign.

Mr. Schott says the arts fund will attempt to increase the number of trustees from 19 to 23, and already 21 have pledged to participate. At the same time, he says, the arts fund will focus its efforts on two other areas of fund raising: person-to-person solicitation of large gifts and broadening the base of donors by starting on-the-job drives. Taken together, Mr. Schott hopes that increases from all sources will help the fund reach its $6.2-million goal.

United Arts is also getting help from the Heart of Florida United Way here. United Arts is relying on United Way's expertise in fund raising and communications to develop campaign brochures and volunteer-training programs, among other things.

Arts-fund officials say they don't expect the recent controversy at United Way of America to cause a problem because the Orlando United Way has done a good job of showing its autonomy from the Alexandria, Va.–based trade association. The relationship between the arts fund and the United Way is uncommon; in many cities, United Way officials regard arts funds as competitors.

Mr. Schott says that if United Arts is successful in stabilizing the community's arts groups, more companies will choose to move to the area, ultimately benefiting the United Way campaign. "It's in both our interests to attract more producers of goods and services to Orlando," he says.

"People who now look at it as a competition will come around," says Sun Bank's Mr. Duncan. "Eventually, I would like to see—and this sounds like heresy to some United Way people—one solicitation per year. You could designate a certain percentage to United Arts and a certain percentage to United Way. And I'm speaking as a past chairman of United Way."

Review Planned

After the 1992 campaign, United Arts will begin a long-term strategic review. Officials at several of the arts groups say that United Arts should look again at the ban on professional fund raisers at the individual organizations.

"I put a high value on the abilities of professional fund raisers," says Benjamin Greene, executive vice-president of the symphony. "They usually generate significant multiples of their own salaries, and the success of the campaign depends upon that."

United Arts officials say they are willing to reconsider. "Whether the individual groups need to have a development person on staff, that's something we need to re-examine," says Mr. Schott.

Some of the leaders of smaller arts groups in the Orlando area say they hope United Arts will consider their needs.

"I wish it could be more inclusive," says Lee Bailey, executive director of the Crealde School of Art in Winter Park, which last year received $25,000 of its $300,000 budget from the Arts Services Council. While Ms. Bailey says that the system is a step in the right direction, she believes it should support smaller, less established institutions to a greater degree.

Mr. Schott says that United Arts will re-evaluate its grant-making process, but that it may not be possible to provide enough support for all the groups that deserve it. "Ultimately, I suspect that the answer is going to be some expansion of the major funded groups and a much greater emphasis on the Arts Services Council to fund smaller groups," says Mr. Schott. "But the seven major groups could make the argument that they need even more support before the fund is expanded."

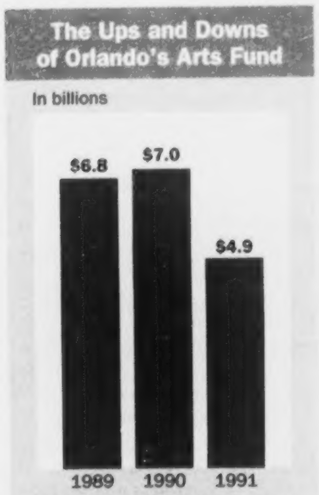
Since United Arts was established, most attention has focused on the fund's performance in raising money. But many of the arts officials involved say that one of its greatest benefits has been fostering increased cooperation between cultural institutions.

"The nice thing is everyone talks to one another," says Kip Watson, general manager of the Southern Ballet Theatre.

In fact, all of the major groups get together with United Arts leaders every two weeks during the campaign, and less regularly throughout the rest of the year, to coordinate fund-raising efforts. As a result, many of the groups have established cooperative programs beyond fund raising. For instance, next season the ballet and the Bach Festival Society will collaborate to stage a performance of Carl Orff's "Carmina Burana."

"There's more cooperation here than I've seen anywhere else, because we're all in the same boat," says the opera's Mr. Swedberg. "We have to be team players for this to work," he says. And the camaraderie extends beyond the work of the arts groups. "As a matter of fact, Kip Watson has even become my bass-fishing buddy."

The Ups and Downs of Orlando's Arts Fund



SOURCE: United Arts of Central Florida

CHRONICLE CHART BY JOJO GRAGASIN

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Brown U. (R.I.)	April 1992	Dec. 1995	$450,000,000	$163,000,000
Butler U. (Ind.)	Oct. 1988	Spring 1994	75,000,000	50,000,000
Fox Chase Cancer Center (Pa.)	Sept. 1990	Jan. 1992	12,500,000	12,500,000
Mount Holyoke College (Mass.)	Sept. 1986	Dec. 1991	125,000,000	139,400,000
Newark Academy	Sept. 1989	Dec. 1994	10,000,000	7,050,000
Texas A&M U.	Sept. 1990	Aug. 1996	500,000,000	185,000,000
Thirteen/WNET (N.Y.)	April 1992	Open	65,000,000	21,000,000

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MANAGING

Governance and Regulation

A Closer Look at Pay and Perks

Controversy at United Way of America leads some, but not all, local units to consider reducing executives' benefits

By BRUCE MILLAR
and JENNIFER MOORE

SOME of the nation's largest United Ways are reconsidering the salaries and perquisites they provide to their chief executives.

Many United Ways are also stepping up efforts to explain their compensation and benefit policies to the public. Those moves come as local United Ways try to calm donors in the wake of revelations about the use of first-class air travel and limousines by William Aramony, United Way of America's former president.

"One of the lasting perceptions that will come out of the United Way scandal is of fat cats and big spenders," says John M. Stafford, a spokesman for the United Way of the Bay Area in San Francisco. "We want to make absolutely certain that we are doing everything possible to counteract that perception."

Cars and Club Memberships

At all of the country's 10 largest United Ways, top executives are given a car or a car allowance. In addition, most of those United Ways have traditionally provided a paid membership to a local business or luncheon club, according to a survey by *The Chronicle of Philanthropy*. However, since the controversy erupted over Mr. Aramony's compensation and perquisites, three large United Ways—in Cleveland, Houston, and New York—have announced plans to drop club memberships as a paid benefit.

At least five United Ways are conducting reviews that could lead to reductions in the salaries paid to top officials. They are United Way Inc. in Appleton, Wis., United Way of New York City, United Way of Northeast Florida in Jacksonville, United Way of the Midlands in Columbia, S.C., and United Ways of Tri-State, a partnership of 35 United Ways in Connecticut, New Jersey, and New York.

Other United Ways, including the United Way of Metropolitan Atlanta, are re-examining their management practices.

Jay Smith, former chairman of the United Way board in Atlanta and publisher of *The Atlanta Journal/The Atlanta Constitution*, says that the board assembled a volunteer committee of current and past board members and several top financial officers at local companies to review how expenses are authorized and recorded. "We said, Even though we have in hand, still fresh and warm, an audit from Arthur Andersen [the accounting firm] that shows a perfectly clean bill of health, would you just take a look at our procedures and see if there's anything that just doesn't pass the smell test?" he says.

"I think what we're doing, frankly, is putting on a hair shirt," says Mr. Smith. "And we're itching. We may even be itching in some places that we might not otherwise be concerned about."

"If you're asking people making $15,000 to $20,000 a year to contribute . . . there cannot be any rationale for using that money to provide fringe benefits."

Not all big United Ways agree that they need to make extensive changes to soothe donors. Board leaders and chief executives of many local United Ways say they believe the salaries and fringe benefits provided to senior officials are appropriate and that they have been closely monitoring such spending for years.

Susan W. Catherwood, chairman of the board of the United Way of Southeastern Pennsylvania in Philadelphia, says benefits—a car with a cellular phone and a membership in the Union Club luncheon group—provided to President Ted L. Moore are essential for him to do his job. She also says Mr. Moore's $193,000 salary is appropriate to the responsibilities of the job.

"We're not planning a review because we review it every year," she says. "We think the salary is in line with the job that we depend on the president to perform. We really need a top administrator."

Other local United Way leaders say donors aren't terribly concerned about the salary and perquisites provided to local United Way leaders. They say that the concern comes only from the press and from some United Way staff members who have been upset to discover how much chief executives receive.

"The only reaction we've had concerning salaries has been calls by the press," says Burt K. Fischer, general campaign chairman this year for the United Way of the National Capital Area in Washington. Mr. Fischer, regional managing partner for the accounting firm Grant Thornton, is on the committee that reviews salaries and benefits for United Way executives in Washington.

Perhaps no local United Way has been as generous to its top official as has the United Way of New York City. It has provided its chief executive, Ralph A. Dickerson, Jr., with a $4,700-a-month apartment on the Upper East Side and paid $1,200 a year for a membership at the

Continued on Page 28

Salaries and Benefits of Chief Executives at the 10 Largest United Ways

	1991 contributions	Chief executive's salary	Chief executive's fringe benefits	Perquisites	Salary or perquisites under review
Atlanta	**$54,049,928**	$170,000	**$12,646**	Membership in downtown business club; primary use of a car.	**No**
Chicago	**105,581,000**	195,000	**4,763[1]**	Membership in the Chicago Club, a downtown business club ($1,500 per year); $4,200 auto allowance; $75 per month parking allowance.	**No**
Cleveland	**51,306,000**	184,500	**12,500**	$12,500 initial membership in Chagrin Valley Country Club, paid in 1986 (director has paid annual dues except a total of $537 for November and December 1991); membership in two downtown clubs: Union Club ($5,000 initiation fee) and University Club ($300 per year); leased 1992 Ford ($535 per month).	**Yes**
Detroit	**62,700,000**	201,490[1]	**14,315[1]**	Membership in downtown business club (no annual fee); leased car.	**No**
Houston	**64,003,621**	172,800	**13,659**	Membership in Houston Club, business leaders club ($100 per month)[2]; 1990 Oldsmobile Ninety-Eight provided.	**No**
Los Angeles	**88,391,000[3]**	190,000	**19,000**	$750 per month car allowance.	**No**
New York City	**77,600,000[3]**	220,000[4]	**47,933[1]**	New York apartment at $4,770 per month; $1,200 annual membership in Marco Polo Club, a luncheon club; leased Lincoln Town Car ($563 per month) and driver.[5]	**Yes**
Philadelphia	**55,220,000**	193,000	**13,315**	Membership in the Union League, a downtown club (fees $1,500 per year); 1991 Ford Crown Victoria sedan (used by president and other staff as needed); car phone.	**No**
San Francisco	**59,008,528**	161,785	**38,331**	1990 Thunderbird provided.	**No**
Washington	**74,895,519**	196,000	**35,165[1]**	International Club membership (no fee); Chevrolet station wagon provided.	**No**

[1] Fiscal year 1991 figures; all other salary and fringe benefit figures are for 1992.
[2] Club membership has been canceled because interim president felt it was no longer needed.
[3] 1990 total; 1991 campaign is not completed.
[4] Current base salary. Last year's salary of $243,333 included two bonuses.
[5] United Way no longer pays for apartment and club membership. Car and driver are not being used.

SOURCE: Local United Ways, IRS Form 990's

Some United Way Units Take Closer Look at Pay and Perquisites of Their Chiefs

Continued from Page 27

Marco Polo Club, a downtown luncheon club. Mr. Dickerson announced in March that he was discontinuing both after local newspapers reported on them.

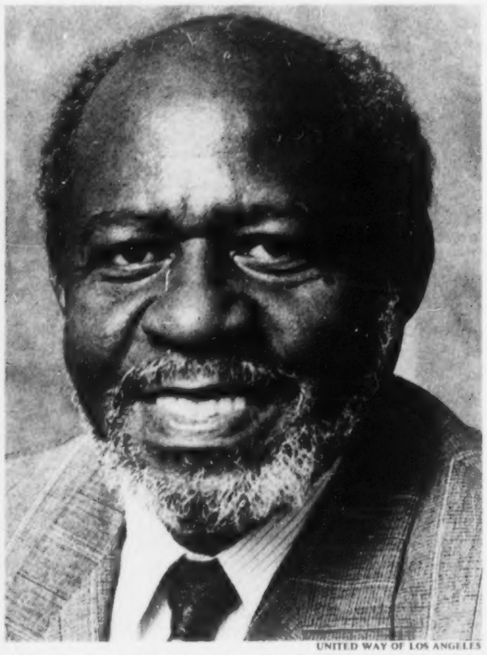
Mr. Dickerson, who earns $220,000 in salary, has also had a driver and a $563-per-month allowance to lease a Lincoln Town Car, although neither is currently being used, according to Amanda C. Bowman, senior vice-president for communications.

Ms. Bowman says Mr. Dickerson asked the board to stop paying for both the club membership and the apartment, which he used when business functions kept him in town late at night, because "he wanted to avoid them becoming a focus and detracting from the mission of the organization." His home is in Kingston, N.Y., a two-hour drive from downtown New York City.

Mr. Dickerson, who declined to discuss his salary and benefits with *The Chronicle of Philanthropy*, has also asked the board to hire two accounting firms to review the United Way's management and executive salaries and benefits to determine whether they are appropriate.

THE ATLANTA JOURNAL / THE ATLANTA CONSTITUTION

Jay Smith, former chairman of Atlanta's United Way: "I think what we're doing, frankly, is putting on a hair shirt. And we're itching."



UNITED WAY OF LOS ANGELES

Herbert L. Carter, head of the Los Angeles United Way: "It's very simple. There is no perk that should be available that is not absolutely job-required."

Club Membership Dropped

Concern about public reaction prompted Cleveland's United Way Services to stop paying for its president's membership at the Chagrin Valley Country Club after news reports in February criticized the spending practices at the United Way of America.

In 1986, the Cleveland United Way paid $1,250 for its president, Jack C. Costello, to join the club. Mr. Costello, however, had been paying the monthly dues himself until the board decided at the end of last year to assume the payments. The board and Mr. Costello reversed the policy in the wake of public criticism of Mr. Aramony's expenses.

"He just thought it would be a better image to pay it himself," says Dan Mitziga, senior vice-president of fund raising and marketing at the Cleveland United Way. "He just felt, If that is going to be a negative, let's erase it."

At United Ways that provide club memberships to their senior officials, leaders say they use the clubs to meet with local business leaders. They explain that top executives also need cars or car allowances because they are frequently required to travel to meet with United Way–supported agencies and with donors. The United Way of Greater Los Angeles, which gives its president a $750-a-month car allowance, serves a 5,300-square-mile area. Several United Way officials say that owning a car provides the cheapest means of transportation.

Hard-Line Policy

Herbert L. Carter, president of the Los Angeles United Way, says he established a hard-line perquisites policy—including doing away with club memberships paid by the organization—when he took the job in January. "It's very simple. To me, there is no perk that should be available that is not absolutely job-required," he says. Mr. Carter will earn a $190,000 salary this year.

"If you're asking people making $15,000 to $20,000 a year to contribute money to a charity for the purpose of improving the lives of people who are destitute, poor, or elderly, there cannot be any rationale for using that money to provide fringe benefits," says Mr. Carter.

Jim Williamson, Southeast regional director for United Way of America, says he is encouraging all United Ways to review their management practices. "This can be a great opportunity to prove to the public what [local United Ways] and we have been saying all along: that the local United Ways are among the most accountable of all charities in the business," he says.

As a rule of thumb for determining appropriate salaries and benefits, Mr. Williamson suggests: "You need to ask, What is it you could live very comfortably with if it's published in the newspaper?"

Betty S. Beene, president of the United Ways of Tri-State, has asked her board to hire an outside consultant to compare her $228,000 salary and $32,067 in fringe benefits, as well as the salaries and benefits of other senior staff members, to those paid by other non-profit executives in the New York area. That report is expected in early June.

Possible Move From Park Avenue

Like many United Ways, the Tri-State group is looking at other ways to cut its operating expenses. Ms. Beene says the group is considering relocating from its Park Avenue offices, where the annual rent is $658,832.

In Chicago, Jack Prater, president of the United Way/Crusade of Mercy, asked his board to conduct a special, internal study of employee benefits, the findings of which will be presented to the board's finance committee later this year. One fringe benefit that may be eliminated is Mr. Prater's membership in the Chicago Club, which costs $1,500 a year.

Mark Knickelbine, director of public affairs and marketing, says the United Way pays for the membership because it uses the club for meetings, but he says that the organization may change that policy because the club is not used often enough to justify the expense.

Cuts in Conferences

Mr. Knickelbine says board members are considering other cuts in spending on conferences and training for staff members and volunteers, not because of the United Way of America controversy, but because of disappointing results from last year's campaign. The 1991 drive raised $105-million, only 2 per cent more than last year.

He says Chicago officials are worried that the negative publicity about United Way of America will hurt this fall's campaign. "When this hit, this necessitated a different tack," including changing the focus of brochures and volunteer training films, says Mr. Knickelbine. "There is going to be more focus on how the United Way works, how the decisions get made, and who makes them."

Says Ms. Bowman of the United Way of New York City: "What you're selling to donors is faith and trust, and this controversy has eroded that trust. What we have to do now is seize the moment and regain that trust. We want to provide as much information on what we're doing and really set our own house in order.

"One of the things charities need to keep in mind is how donors will feel about compensation, benefits, and perks."

"I think it's been necessary to apologize, and we've done that to our donors."

The 'High-Living Question'

While some of the largest United Ways have taken steps to reduce fringe benefits for top executives, few have gone as far as United Way of America. In March, Kenneth W. Dam, the interim president, banned the use of first-class air travel, limousines, and portable phones, and he said the organization would no longer pay for country-club memberships for its employees. He also ordered the sale of all three cars that had been used by senior officials.

Mr. Dam said the cuts were meant to counter the "high-living question" surrounding United Way of America. Many United Ways, including some of those that raise the most money, are withholding their dues to United Way of America because they say they are concerned about the organiza-

---

United Way Drives Barely Match Inflation but Are Still Expected to Set a Record

Contributions to United Ways across the country are barely keeping pace with inflation, but donations are still expected to exceed last year's record $3.1-billion.

Through mid-April, United Ways have raised $2.5-billion, 3.1 per cent more than they had raised by this time last year. Although most of the country's 2,100 United Ways have finished their drives, several big United Ways have not yet completed their campaigns.

Tony De Cristofaro, a spokesman for United Way of America, said officials are expecting the final contributions total to be higher than last year's $3.1-billion. At this point, the 3.1-per-cent campaign growth is just below the current 3.2-per-cent inflation rate.

"While we are going to be growing, I think the growth is going to be slower than in the previous year," he said.

The 3.1-per-cent increase—a drop from last year's 4.4 per cent—reflects the weak economy, not the national publicity surrounding the salary and spending practices of William Aramony, the former president of United Way of America, said Mr. De Cristofaro.

Most United Ways concluded their campaigns in November, about three months before news reports about United Way of America triggered an outpouring of public criticism.

Some Cancellations of Pledges

"While the growth rate is down from the year before, we were anticipating that economic conditions would be difficult when we started," Mr. De Cristofaro said.

He said local United Ways had reported "some" pledge cancellations by donors in the wake of the controversy but the total number was not "substantial." He said the organization did not have any figures on how many pledges had been canceled.

The preliminary results were based on campaign totals from 937 of 1,908 United Ways expected to participate in an annual United Way of America survey.

Among those not included in the preliminary estimate was Chicago's United Way/Crusade of Mercy, which raised $105,581,000, a 2-per-cent increase over the 1990 total. The drive ended in late March.

Edward S. Bottum, managing director of Chase Franklin Corporation and chairman of the Chicago United Way's board of directors, blamed the sluggish results on layoffs at many local businesses.

"Given the business environment, we thought we had an outstanding effort," he said.

Campaigns for two other large United Ways, in Los Angeles and New York, have been extended until the end of this month.

The two United Ways said they had extended their drives because the United Way of America controversy and poor economic conditions had caused contributions to be sluggish.

—BRUCE MILLAR

tion's accountability and spending practices. About one-third of the 139 United Ways that raise more than $4-million are now paying full or partial dues, said Tony De Cristofaro, a United Way of America spokesman.

Rules Difficult to Set

Charity experts say it is difficult to set rigid rules about appropriate salaries and benefits. But the reports about financial practices at United Way of America have sparked a debate over what should be considered extravagant spending, says Eleanor Brilliant, associate professor of social work at Rutgers University and author of *The United Way: Dilemmas of Organized Charity*.

"My guess is that every large United Way has a history of large expenditures for perks for its top staff, and that's a pattern," she says. "I don't want to say it's excessive because it varies with each individual United Way."

United Ways and other charities need to look not only at how necessary perks or benefits are to their organizations, but also at how they will be perceived by the public, says Bennett M. Weiner, vice-president for the Philanthropic Advisory Service of the Council for Better Business Bureaus. "One of the things charities need to keep in mind is how donors will feel about compensation, benefits, and perks," he says.

Kenneth L. Albrecht, president of the National Charities Information Bureau, notes that it is not easy to determine the legitimacy of perquisites that big United Ways provide to their top executives. He says cars and club memberships, for example, may be needed, but their benefits should be weighed against their expenses. Less expensive options, such as public transportation, should also be considered, he says.

Providing housing, however, is harder to justify, says Mr. Albrecht, especially when, as in New York, it is an apartment that is used only occasionally and not as the primary residence for the top executive. "The burden of what you have to do to prove a need for that is pretty substantial," he says. "If you are getting caught in town a certain number of late nights, you can stay at a hotel."

Mr. Albrecht says all United Ways are going to have to justify their expenses to donors. "I think there are a lot of people who feel that they lived high on the hog, or at least some of them did," he says. "And I think a lot of these things will probably end up being reconsidered."

Elizabeth Greene contributed to this article.

IN BRIEF: Managing

Hormel Foundation Sued Over Heirs' Investments

A lawsuit filed by heirs to the Hormel meat-packing fortune against the foundation bearing the family name has sent a shiver through the Austin, Minn., hometown of Geo. A. Hormel & Company.

At stake: control of the Hormel company and of the foundation, which supports local charities.

The Hormel Foundation, a public charity, administers the heirs' 12 trusts, which hold 37.5 per cent of the company's stock, the largest single block. The foundation itself controls 3.2 per cent of company stock. Its board includes representatives of local charities and former and current senior officials of the Hormel Company, including its current chief executive officer, Richard L. Knowlton.

The heirs—who are active philanthropists in their home states of Arizona, California, and Idaho—have charged that the composition of the foundation's board creates a conflict of interest that has kept the trusts from being administered in their best interests.

In the lawsuit, filed in Mower County District Court, the heirs charge that the foundation board has refused to diversify their holdings, costing them a lot of money that they could be spending on their own philanthropy. The heirs want the bulk of the Hormel stock to be sold, and seek damages of $100-million.

In a statement, the fund said the trusts' ownership of "a maximum amount" of the company's common stock is faithful to the wishes of the company's founder, George A. Hormel, and his son, Jay, who wanted to keep the company independent and locally controlled.

The Hormel Company and the citizens of Austin are concerned that if the heirs' stock were sold, the company could fall prey to a hostile takeover by a large corporation based elsewhere. They worry that the company's new owners would redirect the foundation's grants, depriving the community of its major source of philanthropic giving.

United Way in New Haven Under State Investigation

The state's attorney's office in Connecticut is investigating allegations that an employee of the United Way of Greater New Haven may have distributed thousands of dollars worth of food vouchers to ineligible people.

The allegations involve federal food assistance from 1991 and not private contributions, said Douglas L. Higgins, the United Way's executive director.

Mr. Higgins said he could not say exactly how much money in food vouchers may have been distributed incorrectly. "It's really in the hands of the state attorney's office and we've been advised by them and instructed by them not to talk," he said.

State's Attorney Michael Dearington and the United Way's lawyer, John Zandy, were not available for comment.

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OPINION

Commentary and Letters

The Next United Way Issue: the Inequities in How Money Is Allocated to Charities

By *MARJORIE F. GRAHAM*

SOME PEOPLE PROBABLY WONDER why it took the press so long to look into questionable management and financial practices at United Way of America. In reality, it is more remarkable that anyone did any investigative reporting at all.

Because so many newspaper and broadcasting executives sit on the boards of local United Ways, few journalists have been encouraged to look into allegations of wrongdoing, and those who have investigated have often been punished by their employers. As a result, the public has never been very well-informed about serious controversies that often arise over the way many communities raise and distribute money for health and welfare organizations.

> MY VIEW
>
> **The public has never been very well-informed about controversies over the way many communities raise and distribute money for health and welfare organizations.**

The hesitancy of the press to vigorously cover United Way is not new. Some 30 years ago, when I was a young newspaper reporter, I was assigned to do an article about the recommendations of a New York–based consulting firm hired by the United Way of El Paso County, Tex., to survey local health, welfare, and recreational facilities. United Way paid $30,000 plus all the expenses of a three-man team, which took three months to do a study that substantially supported projects supported by the United Way. Quite inadvertently, while thumbing through a *Reader's Digest*, I learned that the consulting firm was a subsidiary of United Way. My editor wanted to run the story, but the publisher thought it would be untimely and "damaging." The connection never was disclosed.

It's not just the publishers and broadcasting executives who are to blame.

United Way has also been insulated from close scrutiny, nationally and locally, because most of its volunteers are quite prominent in their communities. Whether it's true or not, most United Way campaigns are described as "victories" because their leaders cannot be identified with losses.

Now that the public knows about the abuses at United Way of America, it's time to get word out about the numerous inequities in United Way's system of distributing money to local charities—inequities that harm thousands of non-profits and the people they serve.

Despite indignant claims to the contrary, the process is a highly political one and small, powerless non-profit groups suffer in silence. If they complain about disproportionate distribution of money or allocation formulas that seem to guarantee that certain charities will always triumph, non-profits may well find themselves in disfavor or dropped altogether by United Way.

Few can afford to lose their United Way support, so they accept what they get, along with a condescending pat on the head. They are often told that charity representatives cannot be present during a United Way's final deliberations over allocations because the volunteers who make the decisions about how much each charity should get are "objective."

In reality, allocation decisions are usually based on data generated by United Way's professional staff members and only rubber-stamped by volunteers. The fact that a volunteer board has approved the allocations does not mean the outcomes are justified or fair.

Many charities find that they simply cannot afford to remain in the "caring" embrace of United Way. They receive too little money from United Way and they cannot

LETTERS

Hyperbole Won't Turn Fund Raisers Into Professionals

TO THE EDITOR:

I would like to take exception to Irving Warner's column entitled "Fund Raisers Who Don't Know What They Don't Know" (March 10).

Not only do I find fault with the general premise that the fund-raising field is not a profession, but I find Mr. Warner in error specifically on more than one point. For example, it is inaccurate to say, as he does, that "You can't get a college degree in fund raising." To illustrate my point, I am pleased to enclose a photocopy of my master's degree diploma in fund-raising management which I received in 1983 from the New School for Social Research, Graduate School of Management and Urban Professions. The program is a part of the Graduate School's Non-Profit Management curriculum.

I would find myself in agreement with Mr. Warner that fund raising has always been a "catchall" profession, in that people often land in fund-raising positions having come from all walks of life. Many of them are, most assuredly, unprofessional, especially in the case of "grassroots" efforts. But in many cases, this occurs because boards of directors, who approach their cause as a "labor of love," are reluctant to accept that fund raising must be conducted in a professional manner from the office. This naïveté often leads to a reticence to look upon their "avocation" as a "vocation" for the executive sitting behind the desk. Consequently, in too many cases, a paltry salary will be offered in the name of austerity. In this profession, as in most others, you get what you pay for.

True, the certification offered by the National Society of Fund Raising Executives cannot assure future professional behavior. However, I believe the requirements are stringent enough as to distinguish, in most cases, the "pros from the cons."

As to academic training, the master's curriculum in which I studied at the New School for Social Research in New York was a 48-credit curriculum requiring, in my case, three years of night school. My instructors consisted of academics and professional practitioners alike. . . [My] 130-page thesis detailed a year-long project of establishing and developing a new health-related, volunteer-led not-for-profit organization, which continues to help needy people and serve the community to this day.

I further disagree with Mr. Warner because, especially on the higher levels, if the fund-

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AFTER THE RIOTS: SEEKING WAYS TO AID CITIES

Following Los Angeles upheaval, non-profits and grant makers grope for answers to urban blight; local groups are called vital

By JENNIFER MOORE

LOS ANGELES

THE RIOTS, LOOTING, AND FIRES that ravaged this city have forced many people in philanthropy to ask new questions about how to alleviate urban poverty across the country.

Scores of charities, foundations, and corporations throughout the United States scrambled to provide victims of the riots with groceries, shelter, legal representation, financial aid, psychological counseling, and many other services. (See story on Page 8.) But many non-profit leaders were turning their attention to the long-term challenges that the crisis presents both to government and to philanthropy.

"People need to realize that this is about the disenfranchised many, not just the lawless few," said Paul E. Lee, director of litigation for the Legal Aid Foundation of Los Angeles. He said the rioting that took place after the acquittal of four white police officers in the beating of a black man, Rodney King, illuminated "the different fundamental issues that we as non-profits deal with every day—exhibited to an extreme."

For many, the violence that caused nearly $1-billion in damage and destroyed much of South-Central, one of the city's poorest districts, has served as an all-too-painful reminder that the problems that many foundations and charities tried to solve after the Watts riots here in 1965 persist and may have even grown worse. The efforts to rebuild Los Angeles will be closely watched by the many grant makers and non-profits that are eagerly looking for clues to what types of activities most effectively heal urban woes.

'We Need to Seize the Moment'

Said Dennis A. Collins, president of the James Irvine Foundation in San Francisco: "I think this will serve as a watershed or a real sea change for non-profits and foundations to focus their attention" on urban problems.

"I don't want to sound opportunistic, but we need to sound opportunistic, in the best sense of the word," he added. "We need to seize the moment and make sure these issues are included in the national dialogue."

Some cautioned that philanthropy alone could not be expected to solve the profound problems facing the nation's cities. They said non-profits could do the most good by lobbying to persuade the federal government to do more.

Said Pablo Eisenberg, president of the Center for Community Change in Washington: "Only the feder-

Continued on Page 6

BROTHERS, COME HELP US
STOP THE MADNESS

STEVE GRAYSON, FOR THE CHRONICLE

The Rev. Cecil L. Murray, of the First AME Church in Los Angeles: "We must make sure that different people are talking to each other . . . so that we don't just get the voices of the sophisticated power brokers."

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GREGG RUMMEL, FOR THE CHRONICLE

More Enforcement by the IRS
In a stepped-up enforcement effort directed at charities, the Internal Revenue Service is trying to be more efficient, says the IRS's Marc Owens (*above*). Story on Page 25.

Getting Free Advice
In hard times, many charities are looking for free or low-cost help. A guide to some sources appears in an expanded Ideas section beginning on Page 22.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 15

About Fund Raising

19 Private secondary schools are planning big capital campaigns, including at least two that seek to raise more than $100-million each.

19 Donations to colleges and universities rose 4 per cent last year, not enough to keep pace with inflation.

21 Yale University has announced a $1.5-billion capital campaign.

9 Spelman College has received $37-million, the largest gift ever made to a black college.

9 The Sierra Club Foundation is embroiled in a dispute over a donation it received more than two decades ago.

21 Most rates that charities pay on gift annuities should not change, says the group that makes recommendations on the issue.

22 Ideas: letting donors check off why they give; raising money with singing telegrams and a giant cake.

33 The number of taxpayers claiming deductions for charitable gifts continues to fall, says the Internal Revenue Service, but the amount of donations deducted is going up (Tax Watch).

12 Recent gifts to non-profit institutions and organizations.

20 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Non-Profits

1 In the wake of the Los Angeles riots, non-profit leaders are looking at the long-term challenges in wiping out urban poverty. Among the remedies they cite: strengthening existing social-service organizations, building small businesses, creating jobs, and remembering the importance of churches.

7 A non-profit that provides a wide range of services to the Watts neighborhood in Los Angeles saw its most visible facility destroyed by rioters. But the group's leaders say they aren't bitter and will rebuild.

10 The leader of a women's charity in Philadelphia has won that state's Democratic Senate nomination and hopes to bring her experience in non-profits to Capitol Hill.

18 The press pays too little attention to philanthropy and non-profits, said participants at a forum on the issue.

25 The Internal Revenue Service is stepping up its enforcement of laws governing non-profits. At the same time, the IRS is trying to work with charities to help them voluntarily comply with the tax code.

33 An IRS ruling on the unrelated-business income tax may arouse new concerns about corporate sponsorships of non-profit activities (Tax Watch).

28 United Way of America says it is collecting dues again from many of the local organizations that had withheld them because of the recent controversy there.

AP/WIDE WORLD

A bid to take charity experience to the Senate 10

29 William Aramony, the former United Way of America president, has responded to some of the charges made against him in a law firm's report.

28 Charities that provide work for blind and disabled people have had to lay off hundreds of workers.

27 A California judge has told a local Boy Scouts group that it must admit two atheist boys.

22 Places where charities can get free or low-cost advice and assistance are listed in a new column: The Basics.

33 The Treasury Department has published a list of rules affecting non-profits that it plans to propose or complete in the months ahead.

33 Reports on charities by the National Charities Information Bureau.

Of Special Interest to Board Members

25 **The IRS, as part of a stepped-up enforcement effort directed at charities, is looking at how boards set salaries for top executives.**

29 **Board members do such a bad job overseeing charities that the non-profit world should create a new watchdog organization, argues the *Washington Monthly* (Press Clippings).**

35 **Many non-profits would benefit from the same kind of board-room revolt that took place at General Motors, argues columnist Waldemar A. Nielsen.**

About Grant Makers

1 Many corporations and foundations responded to the Los Angeles riots by providing immediate relief for the victims. Now they are looking at what they can do in the long run to alleviate the problems that contributed to the riots.

9 The Annenberg Foundation has pledged $24.6-million to the University of Southern California.

9 The Freedom Forum foundation plans to spend $12-million to create a museum about newspapers at its headquarters.

9 The Z. Smith Reynolds Foundation has issued a report on investments that aim to deal with social problems.

13 Recent grants by foundations, corporations, and other grant makers.

16 Summaries of annual reports from the Bush, Charles A. Dana, Morris Goldseker, and Metropolitan Atlanta Community Foundations and the Chicago Community Trust.

About Volunteers

12 Points of Light 756 to 768 were named by the Bush Administration.

Also In This Issue

34 **Opinion:** David Johnston on what philanthropy should do after the Los Angeles riots, and Waldemar A. Nielsen on the need for General Motors–style revolts in charities' board rooms.

24 **Press Clippings:** *The Washington Monthly* on why charities' boards are ineffective, *Money* on high-salaried non-profit executives, and *Association Management*'s list of the largest associations.

32 **Books:** Summary of recent books on philanthropy, fund raising, and non-profit management.

34 **Letters** on giving money to raise money, why charities join United Way, a United Way official's comment, diversity in the non-profit world, a philanthropic couple, and Japanese philanthropy.

32 **Awards:** Honors for people and organizations in philanthropy.

Corrections

▸ An article on the Ford Foundation (May 5) inaccurately described the parties involved in a forthcoming survey of foundation effectiveness. The survey was developed by the Foundation Project and sent to foundations on a list provided by the Foundation Center.

▸ A table on compensation of non-profit executives (March 24) contained erroneous information about Habitat for Humanity International. Millard Fuller remains its president; the $20.8-million listed as its 1990 income was for the organization's national office only.

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FUND RAISING

Trends and Ideas

Schools' $100-Million Campaigns

With their costs rising rapidly, private secondary institutions are setting unprecedented fund-raising goals

By HOLLY HALL

PRIVATE SECONDARY SCHOOLS are dramatically increasing their goals for capital campaigns.

Next week the Lawrenceville School in New Jersey will kick off a campaign for $125-million, the largest goal ever for a private secondary school. It will be only the second private school to seek $100-million or more. The first was the Hotchkiss School in Lakeville, Conn., in a campaign begun last year.

Officials at several other private schools say their institutions are in the planning stages of capital campaigns. Some, particularly at the 10 boarding schools that raise the most among private schools, hint that their drives will be in the $100-million range.

"I think other schools will begin to follow their lead," says Helen Colson, a consultant to the National Association of Independent Schools. "These schools have realized that they must build large endowments to assure their financial viability in the 21st century, so you will begin to see larger and larger goals."

Record Campaign Brought in $60-Million

The Hotchkiss School's $100-million was $40-million more than the next-largest campaign, conducted by the Culver Academies in Indiana. Culver raised $60-million in a campaign that ended in 1988.

"We broke the $100-million barrier," says Kristina S. Chandler, director of development at Hotchkiss. "There was a reluctance among other schools to shoot for that kind of money until we did."

Several private-school officials said that high campaign goals reflect growing competition among their institutions for money as the recession continues, operating and maintenance costs soar, the demand for student financial aid continues to grow, and students who can afford to pay expensive tuition and other fees become harder to recruit.

Capital Campaigns at the 12 Private Schools That Raise the Most Annually
(In millions of dollars)

	Amount raised in 1989-90	Last campaign		Current campaign
		Year	Amount raised	
Phillips Exeter Academy (N.H.)	$10.2	1981	$26.0	None
St. Paul's School (N.H.)	10.0	1991	10.0	None
Phillips Academy (Mass.)	9.3	1979	52.0	None
Choate Rosemary Hall (Conn.)	9.1	1985	27.0	Being planned
Hotchkiss School (Conn.)	8.8	1967	12.3	$100-million campaign announced
McCallie School (Tenn.)	6.2	1986	13.8	$32-million campaign announced
Deerfield Academy (Mass.)	5.7	1988	37.0	Under consideration for 1997
St. Mark's School of Texas	5.4	1983	5.9	$35-million campaign announced
Taft School (Conn.)	4.8	1973	5.0	Under consideration
Middlesex School (Mass.)	4.5	1989	10.6	Being planned
St. George's School (R.I.)	4.4	1976	3.5	Being planned
Episcopal High School (Va.)	4.3	1989	21.0	None

Note: Schools in planning stages of capital campaigns not yet formally announced may have already begun to solicit contributions in "quiet phases" of their campaigns.

"There is an element of competition in these campaigns because everyone is trying to maintain their institution's edge in admissions and quality of educational programs," says Mary Kay Karzas, associate director of development at Culver, which is expected to launch another capital campaign within the next two years. Consultants who work with private schools predict that Culver's new campaign will be in the $100-million range, although school officials decline to say.

"You can't decide to raise this kind of money just

Continued on Page 20

Gifts to Higher Education Rose 4% Last Year, but Did Not Keep Up With Inflation

By ELIZABETH GREENE

DONATIONS TO COLLEGES and universities rose 4 per cent last year—marking only the second time in 12 years that giving to higher education has failed to keep pace with inflation, says a report to be issued next month by the Council for Aid to Education.

Gifts totaled $10.2-billion for the academic year ending June 30, 1991, up from $9.8-billion in 1990. They fell by 1 per cent when inflation was taken into account.

David R. Morgan, director of research for the council, which encourages businesses and individuals to give to education, said the numbers were not surprising given last year's economic climate.

"The overall state of the economy, the recession, corporate profits being down, the stock market not doing well during the most important period of giving [the last half of 1990], it's all reflected," he said.

Said Glenn P. Strehle, vice-president and treasurer of the Massachusetts Institute of Technology: "The magnitude of those events is so large that it would be difficult to read anything else into the decline. It's remarkable that it went down by only 1 per cent."

The council's Mr. Morgan said he was optimistic that giving to higher education would improve when the recession wanes. "If the signs of an improving economy are borne out, I would expect to see voluntary support continuing to climb, maybe at a faster pace," he said.

The failure to keep pace with inflation was the most significant setback to giving for higher education since the 1987-88 academic year. That year giving fell 3.5 per cent in current dollars and 7.5 per cent when adjusted for inflation. Experts attributed that drop, which came after 13 years of steady growth, to the impact of the Tax Reform Act of 1986. Changes in the deductibility of contributions prompted many people to make their gifts before the law took effect in 1987.

Alumni Donations Not as Strong

The report on 1991 giving was based on a survey of 1,059 higher-education institutions that was conducted by the council and co-sponsored by the Council for Advancement and Support of Education and the National Association of Independent Schools. Among the 919 institutions that participated in the study last year and the year before, 525 reported increases in donations while 394 experienced decreases.

In current dollars, college and university alumni gave their alma maters 6 per cent more in 1991 than in 1990, compared to an 11-per-cent increase the previous year. Alumni giving accounted for 26 per cent of total gifts to higher education.

Donations by individuals other than alumni rose by 4 per cent, compared to a 7.5-per-cent increase the prior year, accounting for 23 per cent of total giving. Foundations also increased their support, by 6 per cent, after a 10-per-cent increase in 1990, and corporations increased their giving by 3 per cent, as compared to 11 per cent the year before.

Gifts from religious groups, which had risen by 1 per cent in 1990, were flat in 1991, and other organizations such as clubs and unions increased their giving by just 1 per cent, following an 11-per-cent rise in 1990.

All increases in giving were for efforts to improve current campus operations. Gifts for that purpose rose about 7 per cent in current dollars, compared to 8 per cent in 1990. Support for capital purposes, such as buildings and equipment, endowment, and debt retirement, remained fairly flat, reflecting in part the weak stock market, the report said.

2-Year Colleges Get Tiny Share of Gifts

Four-year institutions received the lion's share of donations to higher education, an estimated 97 per cent or $9.89-billion. Two-year institutions, by comparison, received $310-million.

The four-year institutions received $1,169 per student, a 2-per-cent decrease when adjusted for inflation. Private donations accounted for 7.7 per cent of the institutions' budgets.

Two-year colleges received $60 per student, a 3-per-cent inflation-adjusted decline. Private donations made up 1.5 per cent of institutional expenditures.

University fund-raising officials say they are bringing in more money now than they were at this point last

Continued on Page 20

In Fund Drives, Private Schools Aim for Unprecedented Goals

Continued from Page 19

because your competitors are," says Ms. Karzas. "You have to be able to justify the magnitude of the goal in terms of your needs. At this level, you have a very savvy group of constituents who would be suspicious of fund raising just for the sake of fund raising. It comes down to accountability and integrity within a campaign."

But she adds: "If you see your colleagues going for significant goals, and if you have the potential, you can use their campaigns as leverage with your own trustees to say that the ground has been broken, and yes, we can do this, too."

Some private-school officials say that the higher campaign goals reflect similar dramatic jumps in the goals set by private universities, several of which have reached the billion-dollar mark. (See story on Page 21.)

'Trickle Down' From Colleges

"There is a sort of filtering down from large colleges and universities, a trickle down to small colleges and then to independent schools," says Ms. Karzas.

A few private secondary schools, she notes, "are raising more than small colleges out there. The perception is, for those that aren't involved, that this kind of fund raising isn't happening at independent schools, but it is."

Some private-school officials see their institutions competing with elite colleges for big donations.

"The alums of many prestigious prep schools also attended Ivy League institutions, which have announced billion-dollar campaigns," says Harvey D. Morse, executive director of alumni affairs and development at Choate Rosemary Hall in Wallingford, Conn. "There's a sense that donors will give to the institution in a campaign, and independent schools don't want to pick up the crumbs."

Choate is now in the early stages of planning a capital campaign. While Mr. Morse declines to say how much money his school will attempt to raise, other school officials speculate that Choate will set a goal of $100-million or more.

Some private-school officials acknowledge that competition among their institutions is a factor in the growth of capital-campaign goals, but others deny it.

"Colleges and universities have this 'I'll see yours and raise you' mindset," says Jim Marksbury, alumni secretary at the Deerfield Academy in Massachusetts, "but I don't think that attitude has an effect on any campaign goal we would establish at Deerfield."

Regardless of whether they view competition as a factor in setting goals, private-school officials unanimously defend their $100-million-plus wish lists as reflecting legitimate needs at their institutions.

At Lawrenceville, for example, tuition is $17,500 per year, but it costs the school about $30,000 to educate each student. "That huge difference is made up from income from endowment and increasingly generous annual giving," said James T. Adams, assistant headmaster for external relations.

Stacey Cramp contributed to this article.

Giving to Colleges and Universities Fails to Keep Pace With Inflation

Continued from Page 19

year and are optimistic that this year's numbers will be higher.

Paul S. Blodgett, associate vice-president for development at the University of Southern California, which saw a 25-per-cent drop in donations last year, to a total of $94.3-million, said the strengthened stock market has resulted in increased giving by individuals. In addition, the university's planned-giving program, which offers donors financial and tax benefits in return for their gifts, has grown this year, he says, putting the institution $7.25-million ahead of last year's pace.

Donors Not Abandoning Colleges

Mr. Blodgett said that he had seen no indication that donors are shifting their priorities away from higher education. "We haven't seen any trend that would suggest movement away from us," he said. While donors are becoming more and more interested in elementary and secondary schools, he said, they are not planning to abandon higher education.

Next month the council plans to release survey results for giving to private elementary and secondary schools. The complete report, "Voluntary Support of Education, 1991," may be obtained in late June from the council at 51 Madison Avenue, Suite 2200, New York 10010. The cost of the two-volume report is $50 prepaid, or $35 for survey participants.

Interest Rates for Planned Gifts

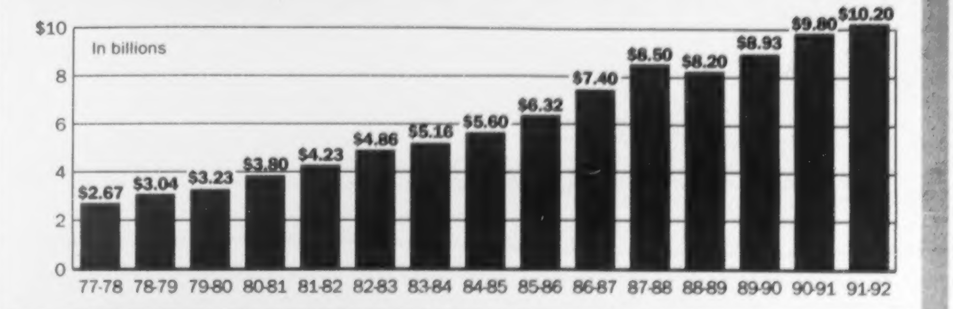
Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

June	9.6%
July	9.6
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6

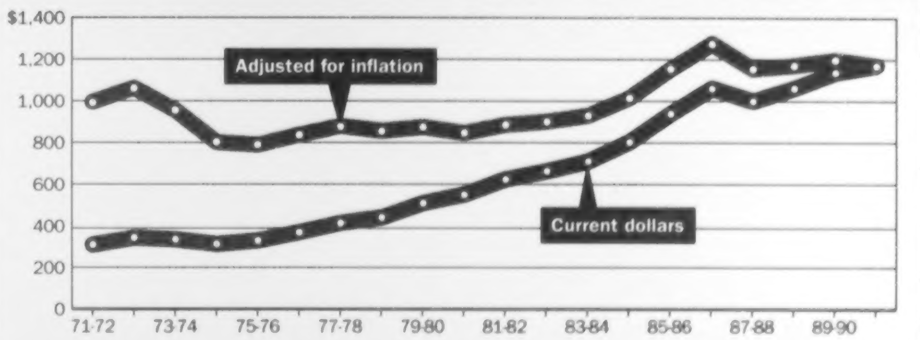
SOURCE: PG Calc Inc.

Giving to Colleges and Universities

15-Year Trend in Total Giving



Donations per Student at 4-Year Colleges



Sources and Purposes of Support

	1986	1990	1991	1-year change	5-year change
Sources of support:					
Alumni	$1,825,000,000	$2,540,000,000	$2,680,000,000	+6%	+47%
Non–alumni individuals	1,781,000,000	2,230,000,000	2,310,000,000	+4	+30
Corporations	1,702,000,000	2,170,000,000	2,230,000,000	+3	+31
Foundations	1,363,000,000	1,920,000,000	2,030,000,000	+6	+49
Religious organizations	211,000,000	240,000,000	240,000,000	0	+14
Other organizations	518,000,000	700,000,000	710,000,000	+1	+37
Purposes of support:					
Current operations	4,022,000,000	5,440,000,000	5,830,000,000	+7	+45
Capital purposes	3,378,000,000	4,360,000,000	4,370,000,000	0	+29
Grand total	**$7,400,000,000**	**$9,800,000,000**	**$10,200,000,000**	**+4%**	**+38%**

Top 25 in Voluntary Support

Harvard University	$195,582,616
Stanford University	180,922,249
Cornell University	177,075,032
University of Pennsylvania	143,384,123
Yale University	132,416,904
University of Wisconsin at Madison	128,394,787
Columbia University	128,241,788
University of California at Berkeley	117,656,562
Duke University	113,693,144
Massachusetts Institute of Technology	110,307,644
University of Minnesota	109,131,731
University of Washington	102,831,966
Johns Hopkins University	100,437,183
University of Michigan	94,789,039
University of Southern California	94,303,629
Indiana University	90,901,034
University of Illinois	89,589,324
Princeton University	88,288,317
New York University	87,555,158
University of Chicago	82,185,081
Ohio State University	74,295,747
California Institute of Technology	73,155,633
Northwestern University	70,849,657
University of Texas at Austin	68,055,605
Samford University	66,413,849

Top 25 in Corporate Support

Massachusetts Institute of Technology	$55,071,078
University of California at Berkeley	49,292,954
Cornell University	44,012,195
Stanford University	42,341,527
Duke University	42,273,676
University of Minnesota	38,654,040
University of Washington	37,464,966
University of Wisconsin at Madison	34,700,466
Michigan State University	29,708,757
University of Illinois	28,187,100
Ohio State University	27,728,775
Carnegie Mellon University	24,901,472
University of Florida	23,828,162
University of Utah	23,608,375
Harvard University	23,552,965
University of Southern California	21,403,595
North Carolina State University	21,360,823
Pennsylvania State University	21,078,627
University of Pennsylvania	20,273,166
Iowa State University	20,000,689
Indiana University	19,612,471
University of Michigan	18,389,681
University of Arizona	17,969,650
Columbia University	17,885,726
Northwestern University	16,293,430

SOURCE: Council for Aid to Education

Rates on Most Gift Annuities Should Not Drop, Panel Says

By GRANT WILLIAMS

DALLAS

Despite sagging interest rates on investments, charities should continue to offer the same payout rates to most people who make donations through gift-annuity plans, says the 21st Conference on Gift Annuities.

The conference was held here by the Committee on Gift Annuities, which is made up of 25 representatives of charities. The conference is held every three years to consider changes in its recommended payout rates. Charities are not required to abide by the suggested rates, but most do.

Gift annuities are a form of planned giving, allowing donors to make a contribution of cash, securities, property or other assets, and, in exchange, receive a fixed payment for life. Immediate gift annuities allow donors to receive fixed payments beginning right away. Deferred gift annuities allow donors to receive fixed payments that start one year or later from the time of the gifts. Many of those payouts are structured to begin after donors' retirements.

The key changes recommended by the conference:

► Charities should reduce the rates they pay on immediate gift annuities for people who are 32 years old or under and 82 and above.

► Non-profit organizations should increase by one percentage point the estimated rate of interest on investments that they use to calculate payout rates for people with deferred-gift annuities. That change means that non-profit groups generally will pay out more to donors.

The assumption behind payout-rate calculations is that charities will eventually receive at least 50 per cent of the value of the gift. Most charities receive much more—as much as 90 per cent.

The conference's recommendations apply to payout rates for annuities obtained after June 30, 1992.

Annuities pay a fixed sum each year amounting to a percentage of the total gift, based on age. The older the donor, the higher the annual payout, because the person is not expected to live as long as someone younger.

Since the value of the gift exceeds the value of the annuity payouts guaranteed by the charity, the donor can take a charitable-gift tax deduction for the difference.

Michael Mudry, the committee's actuary, told the conference that many fund raisers expected immediate-gift-annuity payout rates would have to be reduced because of lower interest rates paid to holders of bonds and of other investments during the recession.

Charities usually place all of a donor's gift in long-term bonds or in other investments, and make payouts from the investments.

Conservative Projections

The good news, said Mr. Mudry, is that the lower interest rates on investments still generally exceed a 6.5-per-cent earnings assumption upon which the conference has based its suggested payout rates.

Thus, the conference was able to recommend no change in the immediate gift annuity rate for most donors—those who are 33 to 81. For those donors, the payout rate will continue to range from 6 per cent for those 33-year-olds to 9.9 per cent for 81-year-olds.

"Despite what appear to be high payout rates in the context of our current economic situation, these annuities are still based on strong, conservative actuarial footings," said Tal Roberts, chairman of the Committee on Gift Annuities and executive vice-president of the Baptist Foundation of Texas.

The conference did change suggested payout rates for younger and older donors.

Under the conference's current recommendation, donors 35 and under receive payouts of 6 per cent. The conference's new suggestion, to take effect July 1, lowers the rate for those under 33 by varying amounts. The lowest payout is 5.5 per cent for donors 20 years old and under.

For example, a 20-year-old woman who obtained a $10,000 charitable annuity before July 1 would receive 6 per cent of the total gift, or $600, each year for the rest of her life. The same gift made on July 1 or later, however, would result in a payout of 5.5 per cent or $550.

Mr. Mudry said charities previously had little concern about paying the same annuity rate at all ages below 35 because so few young people took out gift annuities.

But a recent increase in the number of annuities obtained by people under 35 "has changed the picture," said Mr. Mudry.

The suggested payout reduction also takes into account that interest rates are likely to change during the lifetimes of younger donors, Mr. Mudry added.

The conference also recommended lowering some immediate gift annuity rates for older people. The rates now range from 10.2 per cent for donors 82 years old to 14 per cent for those 90 and above. The rates drop to 10.1 per cent for 82-year-olds, and decline to 12 per cent for those 90 and above.

As people live longer, "many organizations feel uncomfortable in issuing immediate gift annuities at these older ages at what they consider to be high annuity rates," said Mr. Mudry.

Fears Over Value of Gifts

Many charity officials worry that at current levels, payout rates could quickly use up the amount paid by donors for gift annuities, wiping out the charitable donation, he said.

Recommended rates are maximums that should not be exceeded by charities, Mr. Mudry said. "Otherwise," he added, "there is a risk that payout rates would increase to the point that the main purpose of gift annuities, which is to obtain residuums for the use of the charitable organization, could be jeopardized."

Mr. Roberts stressed that the rates adopted by the conference are recommended maximum payouts. "You can adopt them without any fear of not ending up with a gift," he said. He added that charities uncomfortable with the rates are free to "scale them back to suit their own comfort level."

The conference also recommended that immediate gift annuity rates for two people—usually a wife and a husband—remain unchanged for most ages. Immediate gift annuity rates for two people are more complicated because they reflect the actuarial data for both individuals.

New Immediate Gift Annuity Rates (Single Life)

Changed			Unchanged						Changed		
Age	Old rate	New rate	Age	Rate	Age	Rate	Age	Rate	Age	Old rate	New rate
20 and under	6.0%	5.5%	33	6.0%	50	6.5%	66	7.4%	82	10.2%	10.1%
21	6.0	5.6	34	6.0	51	6.6	67	7.5	83	10.6	10.4
22	6.0	5.6	35	6.0	52	6.6	68	7.6	84	10.9	10.6
23	6.0	5.6	36	6.1	53	6.6	69	7.7	85	11.4	10.9
24	6.0	5.7	37	6.1	54	6.7	70	7.8	86	11.8	11.1
25	6.0	5.7	38	6.1	55	6.7	71	7.9	87	12.3	11.4
26	6.0	5.7	39	6.2	56	6.8	72	8.0	88	12.8	11.6
27	6.0	5.8	40	6.2	57	6.8	73	8.2	89	13.4	11.8
28	6.0	5.8	41	6.2	58	6.9	74	8.3	90 and over	14.0	12.0
29	6.0	5.8	42	6.3	59	6.9	75	8.5			
30	6.0	5.9	43	6.3	60	7.0	76	8.7			
31	6.0	5.9	44	6.3	61	7.0	77	8.9			
32	6.0	5.9	45	6.4	62	7.1	78	9.1			
			46	6.4	63	7.1	79	9.4			
			47	6.5	64	7.2	80	9.6			
			48	6.5	65	7.3	81	9.9			
			49	6.5							

SOURCE: Conference on Gift Annuities

Yale U. Announces $1.5-Billion Drive, Largest Ever by a Non-Profit

By VINCE STEHLE

Yale University has announced a five-year, $1.5-billion capital campaign, the most ambitious fund-raising drive yet to be announced by a non-profit. So far, Yale has received $571.2-million in pledges and gifts, representing 38 per cent of its goal.

Among the gifts pledged so far, the largest include $85-million in contributions from the Bass family of Texas, and $50-million in art and cash from a long-time Yale supporter, Paul Mellon. Mr. Mellon's gift will include works of art and a $25-million contribution to the endowment of the Yale Center for British Art, which he established through donations that he made in 1977.

Of all the gifts pledged toward the "nucleus fund"—the name given to contributions made before the public announcement of a campaign—8 per cent were gifts of art, rare books, and other valuable property designated for Yale's collections.

The new fund-raising drive at Yale is far larger than its last campaign, a five-year, $370-million effort that was completed in 1978. With the current campaign, Yale joins a small group of institutions that are in the midst of campaigns for $1-billion or more. Among them: Cornell University, which has raised $647-million toward a goal of $1.25-billion, Columbia University, which has raised $576.7-million toward a goal of $1.15-billion, and the University of Pennsylvania, which has raised $787.5-million toward a goal of $1-billion. The United Jewish Appeal–Federation of Jewish Philanthropies of New York has raised $703.5-million in a campaign for $1.2-billion, the largest fund-raising drive outside higher education. In February, Stanford University ended a capital campaign after raising $1.25-billion.

Harvard University is planning a campaign for at least $2-billion, but university officials say that the drive has been delayed until the 1993-94 school year in order to give the university's new president, Neil L. Rudenstine, an opportunity to assess the institution's needs.

The $85-million in contributions from the Bass family includes gifts made over the last two years, including $20-million from Perry R. Bass for the Center for Molecular and Structural Biology, $20-million from Edward P. Bass to establish the Yale Institute of Biospheric Studies, $20-million from Sid R. Bass to strengthen teaching and research in the humanities, and $20-million from Lee M. Bass to help pay for scholarship and teaching in the area of Western civilization.

Proceeds from the campaign are to be split evenly into three categories, with $500-million to endow student scholarships and faculty positions, $500-million for academic programs, and $500-million for building repairs and construction.

The campaign total will reflect all gifts made during the next five years, including gifts to the annual fund, as well as large gifts received during the last two years. Bequests and other deferred gifts will not be credited at their full value because the university doesn't know when it will receive such gifts.

Status of Billion-Dollar Campaigns

	Started or announced	To conclude	Goal	Amount raised
Yale U. (Conn.)	May 1992	1997	$1,500,000,000	$571,200,000
Cornell U. (N.Y.)	Oct. 1990	Dec. 1995	1,250,000,000	647,000,000
United Jewish Appeal–Federation of Jewish Philanthropies of New York City	Oct. 1989	Dec. 1994	1,200,000,000	703,500,000
Columbia U. (N.Y.)	Sept. 1990	Dec. 1995	1,150,000,000	576,700,000
Stanford U. (Cal.)*	Feb. 1987	Feb. 1992	1,100,000,000	1,255,000,000
New York U.	Sept. 1984	Jan. 2000	1,000,000,000	722,300,000
U. of Pennsylvania	Oct. 1989	Oct. 1994	1,000,000,000	787,500,000

* Campaign completed

MANAGING

Governance and Regulation

GREGG RUMMEL, FOR THE CHRONICLE

Marc Owens, director of the IRS's Exempt Organizations Technical Division: "A vast majority of exempt organizations certainly want to comply with the tax law if they could just figure out what it is. People want to know where the service stands."

IRS Steps Up Enforcement of Laws on Charities

Faced with a boom in non-profits, agency plans tougher audits and more education efforts; some see barriers to changes

By GRANT WILLIAMS

WASHINGTON

THE INTERNAL REVENUE SERVICE is aggressively stepping up its enforcement of tax laws governing non-profits.

Faced with the challenge of keeping track of a growing number of charities, the IRS has changed the way it audits them. Instead of auditing a large number of small organizations, the service is conducting fewer but more-focused audits of non-profits of all sizes. The goal: to better pinpoint violations of federal law.

The IRS is looking at a wide range of issues, including executive compensation, fund raising, corporate sponsorships, employment policies, political activity, for-profit subsidiaries, and the unrelated-business income tax.

At the same time, the IRS is increasing its efforts to educate non-profits about tax laws and to get feedback from charities. It is also trying to simplify some of its forms so that charities will better understand what information they are supposed to provide.

Peter K. Scott, former Acting Chief Counsel of the revenue service, says that at times in the past, "the term 'non-profit enforcement' was essentially an oxymoron—no such thing really existed for the most part."

Mr. Scott, who now works in the Washington office of the accounting firm Coopers & Lybrand, now expects the agency "to find a few people who are significantly over the line and nail their hides up on the side of the barn for everybody else to see."

Officials at the IRS take a more conciliatory tone. The agency wants to cooperate with charities and make it easier for them to voluntarily comply with tax laws, says John E. Burke, the Assistant Commissioner of Employee Plans and Exempt Organizations.

"We want to offer opportunities for exempt organizations to disengage from those activities that could jeopardize their exempt status," says Mr. Burke.

The revenue service's change in its approach to auditing is likely to cause some charity officials to shudder.

"Although the IRS's resources for conducting audits are not great, organizations that are selected for audit can expect to see much tougher, more careful, more thoughtful audits than has been the case in the past," says Celia Roady, a Washington lawyer.

Skepticism About Crack Down

While many observers of the revenue service, including former officials of the agency, agree that the IRS has been vigorous of late, some question whether the agency has enough money, staff, and legal clout to keep non-profits in line. (See story on Page 26.) Others are skeptical about the effectiveness of the IRS's education effort because the service in recent years has published fewer official policy statements designed to show non-profits how to follow tax laws.

Sheldon S. Cohen, commissioner of the revenue service from 1965 to 1969, says the IRS's new auditing

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IRS Steps Up Enforcement of Laws Governing Non-Profits

Continued from Page 25

approach, although a real change in tactics, could have been predicted.

"The IRS's emphasis on non-profits comes and goes as the behavior of charities changes," says Mr. Cohen.

"Organizations, whether they be charities or corporations, tend to slip over time; even the good guys are pushed competitively to do marginal things. That's when the IRS tightens up, everybody behaves, a little time goes by, some new people introduce a new bad practice, charities slide off, and the revenue service tightens up again.

"It's in waves. It comes and it goes."

Growing Number of Charities

Mr. Burke, the IRS Assistant Commissioner, says the agency's new direction stems in part from its difficulty in keeping up with the increasingly complex nature of charities—such as those with for-profit subsidiaries—and with the growth in the number of non-profits.

The number of charities (organizations that are tax exempt under Section 501(c)(3) of the Internal Revenue Code) increased by 25 per cent from 1986 to 1990, to 489,882; the number of exempt organizations of all kinds exceeds one million.

That increase, and the IRS's ability to cope with it, has worried the Oversight Subcommittee of the House Committee on Ways and Means, which keeps an eye on revenue service activities.

The panel "has been concerned for some time about staffing and funding for the IRS's exempt-organizations division," says a memorandum prepared by the subcommittee's staff for Rep. J. J. Pickle, a Texas Democrat who is chairman of the panel.

"While the number of organizations increases, there has been a steady decline in staffing levels in the exempt organizations area," the memo says.

The number of employees budgeted to handle exempt organizations has declined from 470 in 1988 to 431 last year. The IRS actually has put to work more than its budgeted number of employees; it plans to have 495 this year, but that is still fewer than the 529 who were dealing with non-profits in 1989.

Mr. Burke says it is clear that the IRS will not provide its exempt-organizations operation with a significant amount of new money. "As a result," he says, "we have to change."

Adds Marc Owens, director of the agency's Exempt Organizations Technical Division: "We're trying to use our resources in more efficient, effective ways."

Areas Under Scrutiny

Non-profits may feel the heat of IRS scrutiny in a variety of areas. Among them:

Unrelated-business income tax. The agency is closely reviewing charities' returns for clues of earnings on which the tax is owed, and has issued many rulings on the subject. Because Congress has been locked in debate over whether to change UBIT laws and has not taken any action in recent years, says Mr. Scott, the IRS "has simply said, O.K., if we're not going to get legislation, we are going to try to enforce our view of what these rules do. And if Congress doesn't like it, Congress can do something about it."

Corporate sponsorships. The IRS issued a controversial ruling last year that payments from businesses to organizers of the Mobil Cotton Bowl and John Hancock Bowl football games were not charitable gifts, but unrelated-business income that the non-profit bowls received in exchange for advertising (*Technical Advice Memorandum 9147007*).

Compensation. The IRS believes unreasonable compensation of non-profit executives is a serious problem, and, when conducting audits, will check to see that charity boards have closely scrutinized compensation arrangements and made independent decisions, says Jay H. Rotz, executive assistant of the Exempt Organizations Technical Division.

The recent controversy over United Way of America appears likely to stimulate IRS interest in the compensation issue.

The IRS is reportedly preparing to conduct an audit of United Way, which has been under fire on a variety of subjects, including the compensation of its president, William Aramony, who resigned in February. As usual, IRS officials will not comment on whether a specific organization is under investigation.

Barbara S. Bromberg, a Cincinnati lawyer, says such cases "can only serve to increase the level of awareness of the issue by agents, and they will be looking for these types of cases."

She adds: "Obviously it's going to filter down to a much lower level. That is what always happens; there will be fallout."

Employment taxes. IRS officials say charities should not try to save money by improperly classifying their employees as independent contractors, who are considered self-employed individuals. When a charity classifies a worker as an independent contractor, it does not have to withhold or match employment taxes and usually avoids paying for employee benefits. In the past year, the revenue service has made several rulings on employment cases involving charities, and has reported an increase in the amount of money it has collected from charities in employment taxes and penalties for misclassified workers.

Fund raising. The IRS has been closely monitoring charities' fund-raising activities after Congress expressed concern over questionable practices that appeared to mislead donors about the deductibility of donations. Armed with a checklist of questions, revenue service agents are examining those charities for potential abuses.

In addition, the revenue service last year revoked the tax exemption of the United Cancer Council, a charity that had spent more than 90 per cent of its income on fund raising. The cancer council sued the IRS in U.S. Tax Court, claiming that as long as the organization is not engaged in fraud, it has a Constitutional right to spend as much as it wants on fund raising. The case is pending.

Political activity. The IRS has announced that it will crack down on charities that get involved in partisan political campaigns, which is prohibited by law. The government recently reached a settlement with Jimmy Swaggart Ministries, in which the organization acknowledged that it improperly got involved in the evangelist Pat Robertson's unsuccessful campaign for the Republican Presidential nomination in 1988. The non-profit organization promised not to do so again.

Hospital joint ventures. The IRS warned last year (*General Counsel Memorandum 39862*) that non-profit hospitals could place their tax exemptions in jeopardy by engaging in some kinds of joint ventures with staff doctors. Many of the ventures allow physicians to earn money from certain hospital activities, such as outpatient surgery.

The IRS says such ventures violate federal rules that prohibit a non-profit's staff members from making money through their involvement with a charitable organization.

Tax-exempt bond financing. The IRS intends to take a closer look at nursing homes and other non-profits that use tax-exempt bonds to finance renovations or other activities. One of the revenue service's goals is to stop for-profit businesses that are improperly poised to gain from the arrangements.

New Approach to Audits

Hand in hand with those areas of IRS interest is the revenue service's new approach to auditing charities.

In the mid-1960's the government audited about 7 per cent of all non-profit organization tax returns each year. Last year that figure had dropped to 3 per cent, and in 1992 the IRS will audit only about 1 per cent.

The U.S. General Accounting Office, the arm of Congress that audits government agencies, says the change should improve the service's effectiveness. "Although the current policy effectively limits the number of audits below the number that would have been done in the past, we believe that the revised strategy will lead to better audits," says a GAO report submitted to the House Oversight Subcommittee last month.

The IRS is also trying to improve the way it monitors large organizations by having each of its seven regional offices audit at least two hospitals and one university that have complex subsidiaries or legal structures, including for-profit companies, joint ventures, and partnerships.

The audits will be used to develop additional guidelines for coordinated examinations of large and small organizations. The program eventually could be expanded to include some museums, according to the IRS.

Educating Non-Profits a Key

The Oversight Subcommittee of the House Committee on Ways and Means views these audits of large charities as "a step in the right direction," says an aide to the panel. However, the aide adds, "we have some concern that the number of audits is too small. There are a lot of large organizations out there."

The IRS makes clear that educat-

IRS Is Said to Need New Ways to Penalize Charities for Illegalities

No matter how much the Internal Revenue Service works to step up its enforcement of federal laws governing charities, some experts say, the agency needs some help only Congress can provide.

Bonnie Brier, general counsel of the Children's Hospital of Philadelphia, says the IRS is hampered by the lack of an important enforcement tool: The ability to penalize a non-profit, short of revoking its exemption, for failing to comply with federal law.

"Basically, the IRS has no intermediate sanction for public charities, and that is a serious problem," Ms. Brier says.

When a law is violated, the revenue service usually tries to work out a deal with the offending organization, she says.

But if the charity won't go along, she adds, the IRS often backs off rather than pull the plug on the non-profit by revoking its exemption.

GLENN BROOKES, FOR THE CHRONICLE

Lawyer Bonnie Brier: "The IRS has no intermediate sanction for public charities, and that is a serious problem."

Many experts say the problem could affect the service's handling of the recent controversy over finances and management at United Way of America. Unless the organization is found guilty of gross mismanagement of its affairs, few observers expect the service to revoke United Way's tax exemption. However, some lawyers suggest that if the organization has indeed been lax in its management, it should be punished in some way, if for no other reason than to serve as an example to other charities.

Michael J. Graetz, Deputy Assistant Secretary of the Treasury for tax policy, last year urged the House Ways and Means Committee to consider imposing monetary penalties on non-profits that commit legal violations that are not serious enough to warrant lifting a non-profit organization's exemption.

Marc Owens, director of the IRS's Exempt Organizations Technical Division, agrees that the service needs a less-stringent way to show its disapproval of a charity's actions.

He notes that the division has been trying to work around that problem by reaching settlements with groups that are in danger of losing their tax exemption.

Settlements With Non-Profits

In a recent settlement with the Jimmy Swaggart Ministries, for example, the organization acknowledged that it had been improperly involved in the evangelist Pat Robertson's unsuccessful campaign for the 1988 Republican Presidential nomination.

The IRS plans to reach more such settlements in the future, says Mr. Owens.

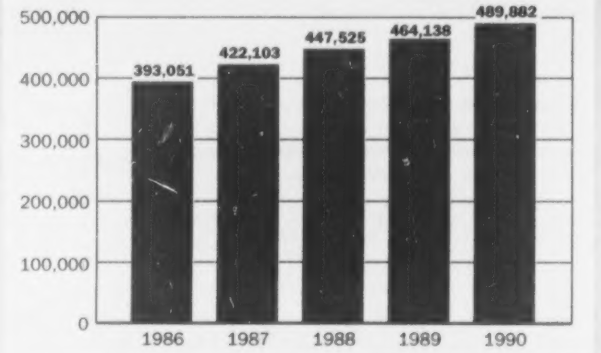
He says an intermediate sanction would help non-profits obey the law because Congress and the IRS would have to identify clearly the wrongdoing that would trigger the penalty. "Organizations then would have a line they can stay away from," he says.

Adds Ms. Brier: "To me, the revolution comes in IRS enforcement when Congress gives it intermediate sanctions—particularly those sanctions that wouldn't just apply to the organizations themselves but also to insiders, such as people on the board and officers."

—GRANT WILLIAMS

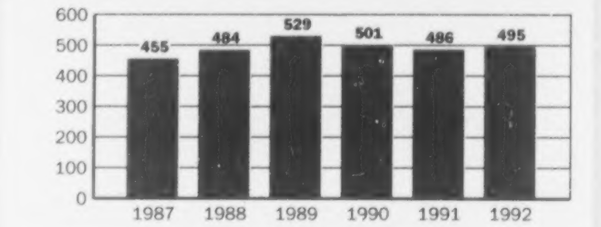
The Numbers of Charities Has Grown…

Charities Registered With the IRS



…but the Number of IRS Employees Monitoring Non-Profits Has Stayed about the Same

Employees in the IRS Exempt-Organizations Area



SOURCE: Internal Revenue Service

CHRONICLE CHART BY JOJO GRAGASIN

ing and working with non-profits is a key to the success of its plans.

"A vast majority of exempt organizations certainly want to comply with the tax law, if they could just figure out what it is," says Mr. Owens. "People want to know where the service stands."

Among the IRS's efforts:

Seeking feedback from non-profits. For the first time, the IRS has released proposed audit guidelines to clarify its position on an issue—in this case, corporate sponsorships of non-profit events. The guidelines, issued in January, would tell IRS agents how to determine whether UBIT should be paid on such sponsorships. The revenue service asked non-profits to mail in comments on the proposal before it is made final; it may also hold a public hearing.

"We saw the audit guidelines as an opportunity to let people know where we were going before we took off down the road," says Mr. Burke.

Mr. Owens says the IRS may issue proposed audit guidelines on other issues—including charities' political activities—and once again seek public comment.

In another attempt to get ideas from non-profits, the agency plans to hold a "town meeting" for non-profits this week to talk about current developments affecting the design, content, and format of informational tax returns. More such meetings are likely, according to Mr. Burke.

Among the things the IRS wants to discuss are redesigning Form 990-T, which is used to report unrelated-business income, to make it easier to prepare and understand, and permitting the electronic filing of Form 990 returns. That would make it easier for charities to file and would help the IRS gather data more quickly, Mr. Burke says.

Offering to negotiate. The IRS recently announced it would give non-profit hospitals with questionable joint ventures with staff doctors until September 1 to break up the arrangements and work out deals to save their exemptions. Those institutions that don't meet the deadline could end up having their tax-exempt status revoked.

"That's an important step, and I hope it is recognized as to what it represents," says Mr. Burke. "Our position is not to try to come up with a basis for revocation, but to see if we can get it straightened out."

Sending top IRS officials to meet with charity officials. Mr. Owens, James J. McGovern, the IRS's Associate Chief Counsel for Employee Benefits and Exempt Organizations, and other IRS officials have been speaking at conferences and other gatherings of non-profit officials, lawyers, and accountants, to spread the word about the revenue service's plans.

Mr. Cohen, the former IRS commissioner, says those officials' appearances "are a two-way street. The IRS people get a chance to hear if they have ideas that are crazy. Before, they were sort of purist—sitting around and talking to themselves."

Policy Statements Sought

The government's activities have not drawn rave reviews from all quarters. "Bully-pulpit appearances" by IRS officials to brief non-profits—and efforts to educate charities about what the revenue service expects—wouldn't be so necessary if the IRS regularly issued statements of policy that tax-exempt groups could rely on, says William J. Lehrfeld, a Washington lawyer.

For example, Mr. Lehrfeld notes that in past years the IRS issued many more revenue rulings to clarify its positions on non-profit matters.

Those rulings, which are generally based on actual situations the IRS comes across, are designed to provide guidance by stating the revenue service's official positions on various aspects of tax law. Revenue rulings carry more legal authority than than many other IRS pronouncements, such as private-letter rulings and technical-advice memoranda.

In the 1960's and again in the 1970's, the IRS issued more than 100 revenue rulings that directly affected charities.

In the 1980's, however, the number of rulings dropped to 22. The 1990's have yet to see a single revenue ruling on charity issues.

Mr. Lehrfeld says the IRS is stymied in its attempts to issue rulings because the Treasury Department, which must approve them, "is inert."

"Treasury historically has looked down its nose on the whole exempt-organization enforcement area, and does not devote much energy to working with the IRS on the problems that the service has," says Mr. Lehrfeld, who worked for the IRS's exempt-organizations branch from 1960 to 1966.

The IRS's proposals on corporate sponsorships apparently were issued as audit guidelines—and not as a revenue ruling—to circumvent the Treasury Department, which does not have to approve guidelines, Mr. Lehrfeld adds.

Mr. Owens says the IRS and the Treasury Department have to set priorities. "The first priority goes to those positions that impact the most people and organizations and have the biggest impact on the United States Treasury," he says. "That usually does not include exempt organizations."

Mr. Owens says the process of publishing a revenue ruling can take two to three years, with a final product that "tends to be narrow" in focus.

Revised audit guidelines and other IRS pronouncements may sometimes be better for non-profits, he adds. "There is a real argument that what's needed is guidance, and timely guidance," he says. "The more the better, and the quicker the better."

The IRS's plans and priorities will be closely watched by non-profits in the months ahead, says Mark Rosenman, director of the Union Institute's Center for Public Policy in Washington. The center has been working on a yearlong project to help non-profits deal with increased government regulation.

Mr. Rosenman says he has mixed feelings about the IRS's recent moves.

"Clarity always serves a positive purpose," he says. "If what the IRS is doing is attempting to be clearer—and to ground that clarity in examination of non-profits—I think that's to be applauded."

However, says Mr. Rosenman, "if there is either a reality or a perception that there is a major commitment to a higher level of investigation, it will have a chilling effect. People will tend to be more cautious, more conservative, less likely to do things that might conceivably get them in trouble.

"That means that there will be less risk-taking, less cutting-edge work."

Adds Mr. Rosenman: "Clarity is good, enforcement is good—but the IRS has to avoid operating on a scale that suggests a witch hunt."

California Judge Rules Boy Scouts Must Admit Atheist Twins

By KRISTIN A. GOSS

A California judge has ruled that a local Boy Scouts council must admit two atheist boys who refuse to pledge their duty to God.

The decision was the first defeat for the Scouts in a recent series of cases challenging its membership policies.

In his 22-page opinion, Orange County Superior Court Judge Richard O. Frazee, Sr., handed a victory to Michael and William Randall, 10-year-old twins from Anaheim, who had charged the Scouts' Orange County Council with religious discrimination in barring them from advancing through the membership ranks until they said the religious oath.

In keeping with past opinions by other California courts, Judge Frazee ruled that the Scout council was a "business establishment" subject to the state's anti-discrimination code, known as the Unruh Civil Rights Act. But, going further than past rulings, Judge Frazee rejected the Scouts organization's claim that its right to freedom of association would be violated if its membership policies were subject to the anti-discrimination law.

"Unlike the issues of racial or sexual discrimination, which are rarely defended as being justified," Judge Frazee wrote, "religious discrimination, including discrimination against those who question the existence of God, remains openly defended by some in a way that most of our society no longer tolerates with respect to other forms of discrimination."

The Scouts organization said it would appeal the ruling.

The decision was the latest in a string of recent cases in which the Boy Scouts of America has been sued over what it terms its "values," as embodied in its standards for membership. BSA and its local units won the first two cases—one brought by Elliott and Mark Welsh, an agnostic father and son who sued in federal district court in Chicago, and the other by Timothy Curran, a gay man who sued in state court in Los Angeles. Both decisions have been appealed.

Must Pledge 'Duty to God'

In its membership oaths, the Scouts organization requires boys to promise they will do their "duty to God." The Scouts have argued that they are a private membership organization and that being forced to admit non-religious people would interfere with the group's ability to express and transmit its religious values.

Last year a California Superior Court judge upheld the Boy Scouts' First Amendment right to bar Mr. Curran because the group said he did not meet its requirement that members be "morally straight" and "clean."

In last week's ruling, however, Judge Frazee rejected those same First Amendment arguments, saying that the evidence presented during the month-long trial "showed that religious activity is never a purposeful part of any den meeting, and for that matter, any pack meeting."

"On the contrary," he wrote, "the den meetings were directed toward fun and games, and mention of religion resulted generally in a response such as 'Talk to your parents about that.' "

"When specifically asked what 'duty to God' meant, at least one young lad replied quite honestly, 'To do all your chores,' " Judge Frazee wrote, referring to a Cub Scout who had testified in the case.

Judge Frazee also rejected the Scouts' argument that Scouting groups had a right to "intimate association." He noted that the Orange County Council included more than 1,300 units and about 46,000 youth members.

The judge wrote that the Orange County Scout council qualified as a business establishment under state law because it operated a store, employed 67 people, had a $4-million budget last year, held golf tournaments and other fund-raising events, and was a "major landholder" in southern California.

"I'm speechless," said James Grafton Randall, the twins' father and lawyer, adding that the boys had been "excited and in tears" after hearing the ruling. "They want to get back in Scouts today if they can," he said.

"When specifically asked what 'duty to God' meant, at least one young lad replied quite honestly, 'To do all your chores.' "

George Davidson, the lawyer for Boy Scouts of America, said he expected to seek a court order barring the Randall boys from Scouting, pending the outcome of the appeal.

He added that if the Boy Scouts ultimately lose the case, "that would have a rather profound impact on the way the whole [non-profit] sector is organized."

"The NAACP serves blacks, there are organizations that serve battered women, there is a whole host of organizations that are designed to serve a particular subgroup of our nation," Mr. Davidson said. "One of the basic rationales of the third sector is it increases the diversity in ways that government cannot undertake."

Mr. Randall, who has reported receiving hate mail and death threats since filing the lawsuit 15 months ago, said his sons had left town immediately after the ruling for "security reasons," which he would not discuss.

In the ruling, Judge Frazee acknowledged the passions aroused by the case. Citing testimony by Scout supporters, he wrote: "Such an emotional desire to refrain from or avoid association with those who are different illustrates the absolute need for legislation such as California's Unruh Act."

TAX WATCH

Day-Care Referrals Not Enough to Qualify Group as Exempt

THE IRS has ruled that an organization operated as a clearinghouse to match groups that provide child day-care services with parents for a fee does not qualify as a charity under Section 501(c)(3) of the Internal Revenue Code (*General Counsel Memorandum 39872*).

Although the organization has educational goals, those are incidental to its commercial purposes, according to the IRS. The revenue service noted that the organization did not claim to provide referrals at below-cost rates, and did not claim to help poor parents.

IRS Says Charity Owes Income Tax on Sponsor Fee

THE INTERNAL REVENUE SERVICE has ruled that a charity that stages Appalachian mountain fairs owes unrelated-business income taxes on promotional fees it received from a corporate sponsor (*Technical Advice Memorandum 9217001*).

Organizations must pay those taxes, called UBIT, on earnings from money-making activities unrelated to their tax-exempt purposes.

The IRS said its finding stemmed from its review of an annual, two-week fund-raising event put on by the charity, which was formed primarily to promote farming.

The event includes the re-creation of an early-1900's mountain town, the display of antique farm equipment, and music concerts.

In 1986, a local soft-drink bottling company signed a three-year contract with the charity to sponsor the event. The company agreed to pay $10,000 to the charity and spend an additional $10,000 to promote the organization's activities, according to the IRS.

In return, the company obtained the exclusive right to sell its name-brand products at concession stands at the event, and to place banners throughout the grounds.

The IRS said it found "substantial" advertising in the terms of the charity's contract with the company.

"By engaging in such an extensive campaign of advertising, the [non-profit] organization is conducting competitive and promotional efforts typical of commercial endeavors," *the revenue service said.*

Further, the IRS said, the advertising effort "does not contribute importantly to the exempt purposes of the organization."

Accordingly, the income must be taxed, the revenue service concluded.

The IRS also ruled that the charity owed unrelated-business income tax on other revenue from its events, including campsite rentals and craft-booth commissions.

The ruling may cause concern among many non-profits that have corporate sponsorship agreements. The IRS ruled last year that payments from businesses to organizers of two football bowl games were not charitable gifts, but unrelated-business income that the bowls received in exchange for advertising.

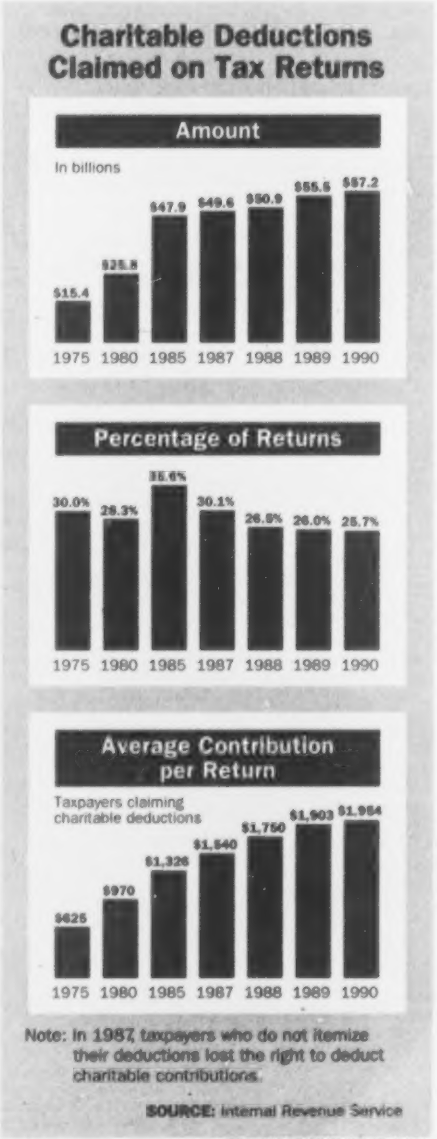
In another decision involving UBIT, the IRS has ruled that a national high-school association must pay taxes on a variety of its revenues, including those stemming from magazine advertising (*Technical Advice Memorandum 9211004*).

The organization coordinates the efforts of state athletic and activities associations.

The IRS said the association owed taxes on the share of advertising revenue it received from a sports magazine, even though it had a contract with a publisher who created, published, and distributed the journal, and solicited the advertising.

The ads did not further the charity's educational purposes, the IRS said, and the revenues were not exempt from tax as royalties.

In keeping with its policy on disclosure, the revenue service did not reveal the names of the charities in either case.


Charitable Deductions Claimed on Tax Returns

Note: In 1987, taxpayers who do not itemize their deductions lost the right to deduct charitable contributions.

SOURCE: Internal Revenue Service

CHRONICLE CHART BY JOJO GRAGASIN

Number of Write-Offs for Gifts Continues to Dip, IRS Reports

STATISTICS released by the IRS show a continuing decline in the percentage of individual federal tax returns that included deductions for charitable contributions from 1975 to 1990.

In the same period, the deductions that were claimed for contributions increased from $15.4-billion to $57.2-billion.

The average contribution claimed on each return has continued to increase, climbing from $625 in 1975 to $1,954 in 1990.

The data are in the *Statistics of Income Bulletin* for spring 1992. The report may be obtained for $7.50 a copy from the Government Printing Office, Superintendent of Documents, Washington 20402-9325.

—GRANT WILLIAMS

WATCHDOG WATCH

Following are summaries of recent reports by the National Charities Information Bureau.

This private organization reports on whether charities meet standards for fund raising, governance, financial management, and public information. The organization does not approve or disapprove charities, and urges potential donors to evaluate the importance of variations from the standards. It also notes that charities' practices may change at any time.

For organizations that do not meet the standards, information is given only on those standards that are not met. Those organizations meet all the other standards.

Copies of the full reports are available from the National Charities Information Bureau, 19 Union Square West, New York 10003.

NATIONAL CHARITIES INFORMATION BUREAU

Cedars Home for Children Foundation and The Cedars, 6601 Pioneers Boulevard, Lincoln, Neb. 68506. Does not meet the following standards: (1) that an organization's board have an individual attendance policy; (2) that the board have no more than one paid staff member, usually the chief staff officer, who shall not chair the board or serve as treasurer; (3) that an organization have policy guidelines to avoid material conflicts of interest involving board or staff members; (4) that the board have a policy promoting pluralism and diversity within the organization's board, staff, and constituencies; (5) that promotion, fund raising, and public information describe accurately the organization's identity, purpose, programs, and financial needs; (6) that an organization have net assets available for the following fiscal year not usually more than twice the current year's expenses or the next year's budget, whichever is higher; and (7) that the annual report include full audited financial statements or indicate that they are available on request. Because its annual report discusses programs in general terms not directly related to the expenses incurred, it is not clear whether the organization meets the standard calling for an explicit narrative description of major activities, presented in the same major categories and covering the same fiscal period as the audited financial statements. The organization's fund-raising expenses, 32 per cent of related support, raise a question with regard to the standard that such expenses, in relation to results, be reasonable over time.

Deafness Research Foundation, Nine East 38th Street, Seventh Floor, New York 10016. Meets all standards.

National Conference of Christians and Jews, 71 Fifth Avenue, Suite 1100, New York 10003. Meets all standards.

National Parks and Conservation Association, 1776 Massachusetts Avenue, N.W., Suite 200, Washington 20036. Meets all standards.

FEDERAL REGULATIONS

WASHINGTON

The Treasury Department has published a list of rules that it plans to propose or complete in the months ahead.

Such rules are published twice a year as part of the government's effort to inform people about forthcoming regulations that might affect their activities. The most recent list appeared in the April 27 issue of the *Federal Register*.

Following are summaries of regulations and proposals that affect foundations and other non-profits:

Charitable annuities and unitrusts. Proposed rules would provide additional guidance on the tax treatment of guaranteed annuities and earnings from charitable unitrusts. Expected timing: No date set. Contact: Laura Howell, (202) 566-9312.

Charitable deductions. Final rules would explain what information taxpayers need to provide to the Internal Revenue Service if they want to take deductions for charitable donations of goods or real estate worth more than $5,000. Expected timing: No date set. Contact: Stuart Spielman, (202) 566-3980.

Corporate contributions. Final rules would explain how multinational companies are to apportion their charitable contributions between their domestic income and their foreign income. Expected timing: December. Contact: Carl M. Cooper, (202) 566-6795.

Excise taxes. Proposed rules would amend existing rules to reflect changes that the Tax Reform Act of 1984 made in requirements related to excise taxes paid by private foundations. Expected timing: No date set. Contact: Jerome P. Walsh Skelly, (202) 566-3505.

Reporting requirements. Proposed rules would simplify the process for tax-exempt organizations that want to change the dates of their annual accounting periods. Expected timing: No date set. Contact: Linda Conway, (202) 566-3251.

Unrelated-business income tax. Proposed rules would explain whether property acquired by a qualified trust is subject to the unrelated-business income tax. Expected timing: No date set. Contact: Monice Rosenbaum, (202) 566-3505.

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OPINION

Commentary and Letters

After the Riots in Los Angeles: What Philanthropy Should Do

By DAVID JOHNSTON

IN THE TERRIFYING TELEVISED COVERAGE of the riots in Los Angeles two images stood out, images that the non-profit world would do well to ponder.

The first was when two Los Angeles Police Department patrol cars came upon a pair of motorists being dragged from a car and beaten. The police hit the gas and drove away, an act of cowardice that violated their oath and reinforced the image in South-Central Los Angeles of the police department as an occupying army, just another heartless gang. Imagine how you would have felt to see the police abandon you to the gentle mercies of the mob.

The other image was of the looters and the rainbow of colors in which they came: white, black, brown, and yellow. This was not a race riot but a class riot, a reflection of how racial discrimination has given way to the more subtle, and dangerous, policies that discriminate against the poor, taking away the tools they need to share in the American Dream.

As Jack Kemp, the U.S. Secretary of Housing and Urban Development, has pointed out, the common thread among the looters was hopelessness.

An abundant society in which tens of millions of people lack hope and tens of thousands revel in even the temporary collapse of social order is a society on its way to the dustbin of history. If we continue to pursue our current policies of de-industrialization, maintaining a global war machine, and rewriting the government rule book to enrich the very few at the expense of everyone else, more class riots are sure to follow. Our leaders—and the news media with their increasing focus on "glitz mongering"—make solutions to our urban problems seem beyond our grasp. Our President, our news anchors, and we ourselves speak of the intractable problems of the underclass as if our democratic society is incapable of creating life, liberty, and the pursuit of happiness in abundance. In so doing we dishonor ourselves and the millennia of struggle from which emerged the Enlightenment and our Constitution.

If for no better reason than selfish interest, we must reduce poverty and hopelessness with the same commitment we used to win the cold war.

Multitudes of Americans are growing up with no tools and no hope, destined to become "tax eaters" instead of tax payers. In the 1980's, children attending the public schools in South-Central Los Angeles read science texts that spoke of a future in which man would walk on the moon, while not 10 miles away some of the engineers who put Neil Armstrong on lunar soil started applying for Social Security.

Since the late 70's we have treated the poor with growing contempt, taking away tools needed to escape poverty. What we do offer the poor in abundance is television, a free university of crime that has taught everyone the litany of Miranda and that our highest values are cosmetic beauty, duplicity, and use of violence to solve problems. It is a message rejected by many, including the vast majority in South-Central who stayed home and the brave few who rescued beating victims abandoned by the po-

MY VIEW

Treating the riots as this year's hot topic is to waste donors' money, time, and lives. Human capital takes years to develop, as any of the engineers who worked on Apollo can tell you.

LETTERS

Give Money to Raise Money in the Workplace, Too

TO THE EDITOR:

As executive director of an organization whose purpose is to strengthen regional, state, and local non-profit groups working on environmental issues, I was gratified to see Holly Hall's article, "Giving Money to Raise Money," in the April 21 issue. Investments by foundations and other funders in improving the fund-raising and other organizational capacities of non-profit groups are essential if those funders want to achieve their substantive goals.

However, I was very disappointed that the article did not discuss foundation support for a method of fund raising which your publication otherwise covers quite thoroughly: workplace solicitation. The formation of federations and funds to expand the financial base of non-profit groups not part of the United Way systems was proved to be profitable through the 80's. Well over $200-million per year is now being raised in the workplace market by national, state, and locally based funds—a tenfold growth rate in the last decade, according to the National Committee for Responsive Philanthropy.

One of the reasons for growth is that the introduction of competition into that market has increased the total amount raised for all charities. But growth would be even more rapid if foundations and other funders gave adequate support to new federations and funds in their initial stages.

This is a concern for the Environmental Support Center because one of our major programs involves encouraging the use of workplace solicitation as a new fund-raising tool by regional, state, and local environmental organizations. Since we began working on it at the end of 1990, the number of state and regional environmental federations established to raise money in the workplace has increased from the three Pacific Coast funds existing at that time to nine federations, with new ones in the Midwest, Northeast, and South. Several others are likely to come into existence later this year.

These new environmental federations and the new social-action funds, Black United Funds, Hispanic funds, women's federations, and others being established around the country are not receiving the level of support they should be getting from foundations and other funders. These new enterprises are non-profit equivalents of entrepreneurial small businesses—good ideas which will succeed in the long run but will be more likely to prosper and bring significant benefits to their non-profit constituents in the short run if they are adequately capitalized.

They have the potential to reduce the burden on foundations and other institutional funders through increasing support from the largest segment of philanthropy—individual giving. They also exhibit another characteristic which funders should support—collaboration among fund-raising competitors. As workplace fund raising is not very useful for most groups who participate in it as individual organizations, those who want to take full advantage of it must work together. This often leads to other types of collaboration,

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BATTLING URBAN ILLS: DETROIT'S LESSONS

25 years after the city's riots, non-profits that had big ideas for change say they are thwarted by forces beyond their control

By KRISTIN A. GOSS
and STEPHEN G. GREENE

GLENN TRIEST, FOR THE CHRONICLE

The Rev. William T. Cunningham, of Focus: Hope, which he helped found to work toward racial equality in Detroit nearly 25 years ago: "A riot is an opportunity. That's the way Detroit used the riots of '67." See story on Page 13.

DETROIT

TWENTY-FIVE YEARS AGO THIS SUMMER, five days of bloody race riots here shook Detroit's collective conscience, and community leaders set forth an ambitious plan to make the city a model of harmony and opportunity.

Philanthropic dollars poured in, corporations made new social investments, the nation's first urban-coalition organization was created, and dozens of community groups sprang up—all to improve economic, social, and educational conditions for the city's poor and disenfranchised.

Despite those bold and well-financed efforts, most community leaders believe that Detroit is worse off today than at any time in its history. Since the 1967 riots, federal aid for social programs has plummeted, financial troubles at the Big Three auto makers have undermined the city's economy, many middle-class families and businesses have fled to the suburbs, and such new problems as AIDS and crack cocaine have placed unprecedented strains on city services.

As organized philanthropy turns its attention to Los Angeles—where recent riots left more than $775-million in damage and more than 50 people dead—Detroit's history serves as a cautionary tale, yielding as many questions as answers about the extent to which non-profits can make deep, lasting improvements in the lives of big cities.

Settling for Scattered 'Neighborhood Victories'

Among the lessons from Detroit that could guide Los Angeles and other cities facing urban discord:

► Without a strong local economy and significant government support, non-profits and foundations can expect to fight a losing war on social problems that will include only scattered "neighborhood victories," in the words of one Detroit non-profit leader.

► To the extent that they can make a difference, foundations and non-profits should spend as much time and money developing programs to teach skills—such as those needed to raise children or to secure a well-paying job—as they do to promote understanding among different races or to raise self-esteem of young people.

► Because urban crises often allow good ideas to bubble to the surface, efforts should be made to include welfare mothers, members of youth gangs, and others who traditionally have been left out of discussions of community needs, and to provide management and technical support to community groups

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AP/WIDE WORLD

A Controversial Philanthropist

Japan's Ryoichi Sasakawa (*above*) is giving away hundreds of millions of dollars, but his reputation makes some non-profits wary of his largesse. Story on Page 6.

Rising Health-Care Costs

Non-profits' health-insurance premiums have gone up more than 80 per cent in the last three years, even faster than other health-care costs, according to a new study. Some charities have had to limit services to pay the bill and others have asked employees to bear more of the cost. Story on Page 33.

Views of United Way Donors

One-fourth of United Way donors say they will reduce or stop their donations unless the organization makes some changes in its management. Story on Page 27.

Changes for the Arts

Many corporations will give less to the arts in the years ahead, but most foundations will increase their grants or hold them steady, a Foundation Center survey has found. Story on Page 11.

A complete guide to this issue appears on Page 3.

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A guide for the busy reader

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27 One-fourth of United Way donors say they will reduce or halt their donations because of recent publicity about management practices, unless reforms are made.

27 The only United Way campaign held in the spring fell short of its goal, but officials blame economic troubles, not controversy over United Way of America.

29 Connecticut charities that use professional telephone solicitors increased their share of the money raised in their behalf last year, but it's still not enough, says the state's Attorney General.

28 State regulators want charities and fund raisers to speak out against miscreants in their ranks.

28 November is still the most popular month to mail fund-raising appeals.

28 National Public Radio is creating a new fund-raising unit in preparation for a major campaign.

28 The surprise resignation of Yale University's president could spell trouble for the institution's $1.5-billion capital campaign, some fund raisers say.

28 New York State has reached a settlement with a fund-raising company and five charities over mailings the state says were deceptive.

36 Charity lobbyists are still hopeful that Congress will act to extend a key tax break that expires on June 30 (Tax Watch).

30 A theater festival helps raise money for AIDS groups (Ideas).

31 Packets of pea-plant seeds brought in donations for an agriculture school (Ideas).

29 Update on campaigns for endowments and capital improvements.

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33 The Internal Revenue Service plans to make changes in some of the tax forms that non-profits must file.

36 The IRS has revealed more details of its plans for auditing large, complex non-profits (Tax Watch).

30 Experts offer tips on how charities can minimize the chances of being audited by the IRS—and what they can do if they are audited (The Basics).

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30 A charity's "wish list" helps it gain donations of services (Ideas).

17 Points of Light 770 to 780 were named by the Bush Administration.

GLENN TRIEST, FOR THE CHRONICLE

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1 In the 25 years since riots hit Detroit, its foundations have found their resources unequal to the task of revitalizing the city.

6 Foundations created by Japan's Ryoichi Sasakawa give away more money than the Ford Foundation does, but concerns about his background make some charities wary of his largesse.

18 Recent grants by foundations, corporations, and other grant makers.

20 Summaries of annual reports from the Edna McConnell Clark, Robert Sterling Clark, and Robert Wood Johnson Foundations and the North Star Fund.

About Urban Problems

1 Non-profits' efforts to rebuild Detroit during the last 25 years offer a cautionary tale for philanthropy as it focuses on the needs of the cities in the wake of the recent riots in Los Angeles. One lesson: An economic downturn and government cutbacks can overwhelm anything charities try to do.

13 A Detroit non-profit that began as a civil-rights organization now stresses job training in its efforts to change the city.

Of Special Interest to Board Members

33 **Non-profits face rapidly escalating health-insurance costs that are cutting into services the charities provide, according to a new report.**

32 **Board members with backgrounds in business, often recruited in the hope of improving a charity's management, frequently end up clashing with staff members whose values come from the non-profit world, says the author of a new book.**

About Managing Non-Profits

33 Non-profits' health-insurance premiums are rising much faster than other health-care costs, says a new study.

35 Two foundation grants will help a coalition of non-profits search for ways to reduce their health-insurance costs.

35 Salaries at Washington-area associations are up more than the rate of inflation.

35 Small and medium-size non-profits in New England will be able to get training in management, fund raising, and other subjects at a new institute at Tufts University.

35 The Boy Scouts have lost more financial support because of their policies on admission of homosexuals and atheists.

35 The Justice Department has subpoenaed records of 13 United Way spinoff organizations.

36 Non-profits' income is growing faster than the economy as whole, says an IRS report (Tax Watch).

36 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About the Arts

11 Many corporations plan to give a smaller share of their grant funds to the arts, but most foundations will keep their giving the same or increase it, says a Foundation Center report.

18 The J. Paul Getty Trust's efforts to aid art historians in Eastern Europe have run afoul of some of the problems of the region.

Also In This Issue

40 **Opinion:** Keller Cushing Freeman on philanthropy's gender gap; Craig Kennedy on term limits for foundation presidents; and Sandra T. Gray on non-profits, diversity, and the Los Angeles riots.

32 **Books:** A summary of *Inventing the Nonprofit Sector*, a book of essays by Yale's Peter Dobkin Hall on issues affecting non-profits, as well as listings of other new books.

40 **Letters** on salaries of charity leaders, leadership at the Ford Foundation, New York City's campaign for federal workers, and inequities in how United Way funds are allocated.

39 **Awards:** Honors for people and organizations in philanthropy.

Correction

Based on incorrect information supplied by United Way of America, an article on the results of the organization's survey of the services local United Ways considered essential inaccurately described the service that received the lowest ranking (May 19). Of 74 services listed on the survey, United Way International was considered "very essential" by the fewest number of respondents.

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Many Corporations Plan to Decrease Their Contributions to the Arts, Study Finds

Many corporations plan to reduce the share of their contributions that goes to arts groups in the next five years, but most private foundations expect little change in their spending patterns, according to preliminary results of a new study by the Foundation Center.

Among private foundations, 86 per cent said they expected that the share going to the arts would remain the same or increase. At corporations, however, 44 per cent of the grant makers said that the arts would receive a declining portion of the their grants. Another 44 per cent said the share going to the arts would remain the same.

The Foundation Center based its analysis on results from a survey of 182 grant makers and 130 officials of arts groups. The survey, conducted on behalf of Grantmakers in the Arts, a group of foundation and corporate-giving officers, also found that both groups believed that foundations and corporations give too much money to large, well-established arts organizations.

Too Much for New Programs

Both groups also say they think grant makers put too many dollars into supporting new programs and don't give enough to finance the basic operations of arts groups.

Among the other areas of agreement between grant makers and arts officials:

► Asked to name the major problems in arts fund raising, both said that competition between arts groups and other types of organizations was paramount. The second most frequently cited concern was the competition for funds between arts organizations.

► About 80 per cent of both grant makers and grant seekers said the most important public issue facing the arts was a decline in state and local government financial support. The second most frequently cited issue: the controversy surrounding federal aid for art that some people call obscene.

► One of the most critical financial needs facing non-profit arts groups is the need for unrestricted operating support, cited by 93 per cent of the arts officials and 61 per cent of the grant makers.

Some Disagreement

In spite of those similarities, some key differences also emerged:

► Some 52 per cent of the arts groups mentioned the need for endowment funds, but only 19 per cent of the grant makers said they believed that building the endowments of arts groups was critical.

► Foundation officials said they were concerned with efforts that would lead to long-term stability of arts groups, such as expanding their audiences and planning for long-range efforts. Arts officials, on the other hand, were more interested in satisfying immediate needs, such as increased salaries for administrators and artists, among other things.

Asked to rank the programs that would receive greater emphasis in the future, grant makers cited performing-arts programs (54 per cent), museum activities (43 per cent), and arts education (20 per cent).

A full report of the study is expected to be released by the end of the year.

For more information, contact Loren Renz, Director of Research, the Foundation Center, 79 Fifth Avenue, New York 10003; (212) 620-4230. —VINCE STEHLE

How Grant Makers and Grantees View Issues in the Arts

	Grant makers	Grantees
Arts Groups' Greatest Needs		
Unrestricted operating support	60.9%	92.7%
Audience development	23.7	21.2
Long-range and strategic planning	21.8	16.7
Endowment	18.6	52.3
Individual artists	16.7	28.8
Program support	16.0	8.3
Administrative salaries	8.3	37.9
Artistic salaries	8.3	34.8
Internships and apprenticeships	—	34.1
Creating and commissioning new works	7.1	31.1
Biggest Criticisms of Grant Makers		
Imbalance in grants, favoring larger, more established groups	36.1%	27.7%
Over-emphasis on new programs rather than basic support	22.2	31.9
Cultural, ethnic, and racial bias	8.3	2.5
Reluctance to support risky or controversial works	8.3	5.0
Unrealistic expectations of grantee self-sufficiency	8.3	9.2
Short-term rather than long-term support	8.3	14.3
Worst-Financed Arts Fields		
Arts education	25.4%	43.0%
Modern dance	25.4	17.2
Cultural and ethnic awareness	16.9	28.1
Literature and creative writing	13.4	18.8
Arts policy and research	13.4	7.8
Printing and publishing	12.7	25.8
International cultural exchange	2.1	24.2
Multimedia and performance art	7.0	23.4
Arts alliances, coalitions, and advocacy	12.7	21.9
Best-Financed Arts Fields		
Symphony orchestras	50.7%	51.4%
Museum activities	39.0	27.1
Art-museum activities	36.8	29.9
Performing arts	24.3	11.2
Opera, light opera, and musical theater	22.8	34.6
Ballet	10.3	29.0
Most Important Public Issues		
Government cutbacks and restructuring	80.5%	78.0%
Obscenity and censorship	59.8	61.4
Standards of quality	41.4	44.7
Economic viability of the arts in general	31.0	30.3
Declining arts audiences	29.9	17.4
Pluralism and cultural diversity	21.8	22.0
Most Important Issues in Grant Making		
Competition for funds between arts and other fields	67.6%	55.9%
Competition among arts groups seeking funds	42.8	19.7
Capacity of grant makers to take risks	26.0	40.2
Quality of proposals from grant seekers	17.9	2.4
Ability of grant makers to make informed decisions	14.5	15.0

SOURCE: The Foundation Center

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Trends and Ideas

United Way's Troubles: What Donors Say

Poll finds most still view the charity favorably, but 25% plan to give less if management does not improve

By BRUCE MILLAR

TWENTY-FIVE PER CENT of people who have previously donated to United Way campaigns say they plan to reduce their gifts unless United Way of America demonstrates that it has taken concrete steps to improve its management and financial practices, according to a new poll.

The poll, conducted for United Way of America, asked 1,004 people who gave to 1991-1992 United Way campaigns how their giving patterns would be affected by news accounts detailing how William Aramony, the former president of United Way of America, frequently flew first-class on airplanes, took limousines, and arranged for his friends to get lucrative jobs at United Way spinoff organizations. Mr. Aramony, who resigned in February, has denied any serious improprieties.

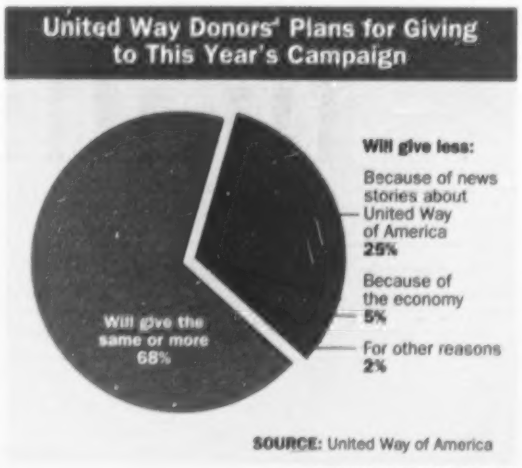
Donors Want Gifts to Go to the Needy

Only 5 per cent of those people who said they were considering reducing their gifts said they were so angry that they would give less no matter how much United Way of America did to demonstrate that it had tightened its management. The others said they would change their minds if they were reassured that United Way of America had overhauled its operations.

Many of the donors said they wanted to be sure that most of their gifts were being used to help needy people and that they wanted more specific information on how their contributions were being allocated.

"It's a two-way story," said Robert O'Connor, United Way of America vice-president for research services. "Yes, there is a lot of damage, but we in the United Way movement have a chance to redeem ourselves if we do the right things in the fall."

United Way Donors' Plans for Giving to This Year's Campaign



SOURCE: United Way of America

CHRONICLE CHART BY JOJO GRAGASIN

No matter how much United Way of America does to calm donors, the economy may also dampen giving: 5 per cent of those polled said they would give less to United Way because of financial woes. An additional 2 per cent cited reasons other than the economy or the United Way of America controversy in explaining why they would reduce their giving.

Contributions to the 1991-1992 United Way campaigns are barely keeping pace with inflation, but donations are expected to exceed last year's $3.1-billion, according to Tony De Cristofaro, a United Way of American spokesman. United Way of America plans to release the amount raised by the drives later this month.

Seventy per cent of the poll respondents had seen or heard news reports about United Way, and those reports caused people to have a less-favorable view of United Way.

Among all respondents, those who said they had a "very favorable" or "somewhat favorable" view dropped from nearly 80 per cent in a similar poll conducted in October 1990 to 70 per cent in April 1992. Correspondingly, people with a "very unfavorable" or "somewhat unfavorable" view of United Way increased from 14 per cent to 26 per cent during the same period.

People who had seen or heard the news reports had an even less favorable view of United Way, with 33 per cent saying they had a "very unfavorable" or "somewhat unfavorable" view.

Chief Concern Is How Funds Are Managed

While 40 per cent of respondents said that most of the news items they had heard or seen dealt with Mr. Aramony, only 20 per cent said that his leadership was the issue that concerned them the most, the report said.

Instead, the issue of greatest concern, cited by about 46 per cent of the respondents, was how contributions were managed. They said they were worried about whether their contributions were being used for administrative expenses and not charitable purposes, how the money was distributed, and whether adequate safe-

Continued on Page 28

Economy, Not Controversy, Reduces Donations to United Way's Only Spring Campaign

DISAPPOINTING FUND-RAISING RESULTS from the only United Way that holds a spring campaign suggest that the tight economy—not controversy surrounding United Way of America—may be the biggest worry for local United Ways during this fall's fund-raising drives.

At the United Way of Greater Rochester in New York, contributions this spring dropped to $35.4-million, or about 5 per cent below last year's $37.3-million and more than $3.1-million short of this year's goal.

United Way officials said the drive was hurt primarily because the region lost 7,000 manufacturing jobs, including those of 5,000 senior managers at Eastman Kodak who accepted special early-retirement packages. Those managers had each given, on average, $300 per year.

Campaign officials said the second most important reason for the downturn was a controversy over United Way support of a Planned Parenthood affiliate in Rochester that is planning to open an abortion clinic. Abortion opponents sent the United Way 3,000 "non-pledges," or refusals to donate. Joseph G. Calabrese, president of the United Way of Greater Rochester, estimated that the dispute cost about $500,000 in donations.

"People view us as big business and we need to personalize what we do for folks. I think we need to get out and work with agencies delivering meals on wheels and gleaning for food banks."

The campaign chairman, William F. Fowble, a senior vice-president at Eastman Kodak, estimated that the controversy about the management practices of William Aramony, United Way of America's former president, reduced giving by less than 1 per cent.

Added Mr. Calabrese: "It's far and away the least of our problems, quite frankly."

Both Mr. Calabrese and Mr. Fowble said they based their assessment on comments made to them during dozens of fund-raising events.

The Rochester campaign is always closely watched by United Way officials across the country because they believe it is a good barometer for fall fund-raising campaigns. This year's Rochester drive was considered especially significant because it was the first campaign begun after a United Way of America investigation into allegations about Mr. Aramony's spending and management practices. A report on the investigation released in April, two days after the Rochester campaign began, included criticism of Mr. Aramony's use of first-class air travel and limousines and gifts to friends. Mr. Aramony has denied serious improprieties.

Mr. Calabrese said local reaction to the controversy over United Way of America, the trade association that represents local United Ways, had been minimal. He said the Rochester United Way had received fewer than two dozen pledge cancellations and fewer than 10 letters about the issue.

Mr. Calabrese attributed the lack of concern to his United Way's tradition of staying independent from United Way of America. The United Way of Greater Rochester was one of the last United Ways to join the United Way of America network, in 1980, "so most people already know that we're different," he said.

Group Votes to Resume Paying Dues

He said another reason for the mild public reaction was that campaign officials highlighted the value of services such as publications, donations of company products, and National Football League public-service announcements that the Rochester United Way received from the Alexandria, Va.–based United Way of America.

"We feel that we get $10 in service or actual return for services for every $1 we send to Alexandria," Mr. Calabrese said.

The Rochester United Way's board last week voted to reinstate dues payments of $285,000 for 1992 to United Way of America. Many United Ways, including Rochester, had voted to suspend dues payments to the national organization because of concerns about management practices.

Mr. Calabrese did offer some advice to local United

Continued on Page 28

Regulators Urge Watchdog Role for Coalitions

Some state regulators want coalitions of non-profits and fund raisers to do more to increase public confidence in philanthropy, according to a new report by the American Association of Fund-Raising Counsel.

The AAFRC, which represents many of the largest fund-raising-consulting firms, based its report on interviews with regulators from 25 states. The group said it conducted the interviews to find out more about regulators' concerns and to get a better understanding of how state laws are enforced.

Most regulators had few concerns about what they called "legitimate" charities, the report said. But many officials were worried about how much some non-profits were spending on fund raising, and expressed alarm about those groups' telemarketing and direct-mail practices.

One regulator said some smaller charities hire fund raisers that charge as much as 90 per cent of the donations they collect as their fees and expenses.

The identities of the regulators were not revealed.

One state official said that organizations of fund raisers and charities should do more to help regulators fight groups that bend or break the law. "States are understaffed, and the best they can do is handle a small portion of the problem," the official said. "The average donor can't distinguish the beneficent from the malicious. The private sector should help to educate the giving public."

The official said that organizations such as the AAFRC "have to be in the forefront, helping to identify the causes of the problems."

"I read nice reports on ethics and values, but I don't see any concerted action," the official added. "When organized fund raising [and] charity do not speak out, they encourage public skepticism."

Another state official urged the AAFRC and other groups to help small charities that "become lost" and "end up in the hands of the disreputable" fund raisers that charge too much and drain charities' revenues.

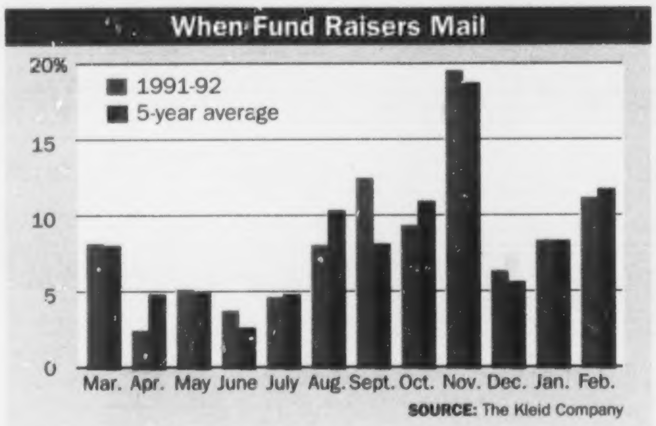
Law School Courses Sought

The nation's law schools should offer more instruction about charities in their required curriculum, said a regulator from another state. Such instruction would "go a long way towards sensitizing future lawyers and future attorneys general about charitable legislation, statutes, and enforcement to protect the public," the official said, adding that the AAFRC should encourage donations to law schools for this purpose.

Copies of "State Charity Officials' Concerns About State Laws Governing Charitable Organizations, Activities of Charities, and Charitable Solicitations," are available for $25 from AAFRC, 25 West 43rd Street, Suite 820, New York 10036. —GRANT WILLIAMS

IN BRIEF: Fund Raising

When Fund Raisers Mail



SOURCE: The Kleid Company

CHRONICLE CHART BY JOJO GRAGASIN

Nov. Is Most Popular Month for Sending Appeals

November continues to be the most popular month for non-profits to send out their fund-raising appeals, according to a new report.

For the past five years, more fund-raising appeals have been sent out in November than in any other month, according to the Kleid Company, a New York firm that each year monitors "seasonality" trends for direct mail. The company based its findings on purchase orders from about 2,500 non-profits and others that rent mailing lists offered by the company.

As in previous years, the fewest fund-raising appeals were sent out in April, May, and June.

For a free copy of "Seasonality Study, Update 16," contact the Kleid Company, 530 Fifth Avenue, New York 10036; (212) 819-3400.

National Public Radio Starts New Fund-Raising Unit

National Public Radio has announced that it is creating a new fund-raising unit. The unit is likely to help the organization start a major capital campaign in 1995.

The campaign would coincide with NPR's 25th anniversary. The drive is expected to raise money for capital projects, including purchase of a new building, and the creation of an endowment fund.

Several newspaper accounts have reported that the campaign's goal would be about $100-million, but Barbara Hall, vice-president for development, said no goal had been set.

NPR officials say that they need to intensify their fund raising because some of the network's member radio stations can't afford to pay increased dues, the existing operating budget does not have enough money to develop new programs, and the organization has outgrown its current office space.

N.Y. Settles Lawsuit Over Fund-Raising Appeals

In a settlement reached last week with the New York Attorney General's Office, Watson and Hughey, a fund-raising consulting firm based in Alexandria, Va., and five of its non-profit clients have agreed to offer to return money to donors who responded to mailings that state regulators say were deceptive.

Attorney General Robert Abrams sued the company and its clients last fall, charging that Watson and Hughey had violated the terms of an agreement reached in January 1991 with New York and nine other states that had accused the company of running a series of deceptive direct-mail sweepstakes.

Under the latest settlement, the company did not acknowledge any wrongdoing, but it and its clients have agreed to send a letter to all 25,000 donors offering to return their money.

Defendants named in the suit will also pay a total of $5,000 to the state to cover expenses of the lawsuit.

Leslie Gersing, a spokeswoman for the New York Attorney General's Office, said the company solicited 25,000 donors over eight months on behalf of the non-profits named in the suit. She estimated that the company collected between $5,000 and $6,000 from the mailings in question.

Byron C. Hughey, co-owner of the firm, declined to comment.

Yale Drive Continues as Chief Steps Down

Less than a month after announcing the start of the most ambitious fund-raising campaign by a non-profit, Yale University's president, Benno C. Schmidt, last week surprised the institution's trustees by offering his resignation.

Yale officials say that the fund-raising drive will continue unabated, but some fund raisers from other institutions said they expected Mr. Schmidt's departure to cause trouble. Mr. Schmidt, who raised more than any other president in Yale's history, was widely considered to be a very good fund raiser.

"It's full speed ahead," said Terry M. Holcombe, vice-president for development and alumni affairs at Yale. Mr. Holcombe pointed out that during the last campaign at Yale, a five-year, $370-million effort that ended in 1978, the institution had three different presidents. Besides, he said, "I don't think anyone really expected him to stay for the whole campaign anyway."

Most Donors Still View United Way Favorably

Continued from Page 27

guards were in place to prevent inappropriate spending, Mr. O'Connor said.

Half of all respondents said the news reports caused them to take a negative view of their local United Way. Of those who were aware of news reports, 50 per cent said their opinion of their local United Way was "much more negative" or "somewhat more negative." About 42 per cent said their opinion was unchanged.

"This is a source of concern," said Mr. O'Connor. "But we think that once people have realized we have fixed the problem they will revise their opinion."

Respondents to the survey recommended broad changes for United Way of America. When asked for their recommendations in an open-ended question, the six most frequent responses were that the organization should:

► Provide more information to the public on how contributions are used (21 per cent).

► Remove all executive staff members who were associated with problems reported during Mr. Aramony's tenure (17 per cent).

► Monitor spending on administrative expenses more closely through audits and by establishing a checks-and-balances system (15 per cent).

► Provide more publicity about the good work it does and apologize for mistakes made during Mr. Aramony's tenure (15 per cent).

► Distribute money where it is needed (12 per cent).

► Reduce the number of staff members and cut spending on management salaries and expenses (12 per cent).

Changes for Local Groups

Respondents to the poll said local United Ways could regain their confidence by taking these steps:

► Provide more information to the public about how contributions are used (31 per cent).

► Distribute more donations to those in need (15 per cent).

► Do more to publicize the positive work they do (13 per cent).

Only 7 per cent of all respondents recommended that local United Ways should end their affiliation with United Way of America or refuse to pay membership dues to the organization.

Mr. O'Connor said the survey results were "broadly consistent" with similar surveys conducted by United Way organizations in several states.

He said that the survey results had prompted United Way of America and some local United Ways to make a greater effort to tell the the public more about how contributions are being used.

The survey was based on a national random sample. It was conducted from April 9 through April 21 through telephone interviews by the Response Center, a Philadelphia-based market-research company. The 1,004 respondents worked for companies that conducted United Way campaigns during 1991 or 1992 or had spouses who worked for such companies. The survey has a margin of error of plus or minus three percentage points.

Free copies of the report can be obtained from Martha Taylor, Director of Market Research, United Way of America, 701 North Fairfax Street, Alexandria, Va. 22314; (703) 836-7100.

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

July 1991	9.6%
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6
June	8.4

SOURCE: PG Calc Inc.

Economy, Not Controversy, Reduces Donations to United Way Campaign

Continued from Page 27

Way leaders looking for ways to overcome negative public reaction to the United Way of America controversy.

He urged them to stress the fact that donors were giving money primarily to programs that will benefit their own communities. He advised campaign officials to emphasize that when donors reduce their gifts they hurt their own co-workers, neighbors, and families—not the employees of United Way of America.

Mr. Calabrese also recommended that local United Way leaders strive for a "softer image" by demonstrating their role in supporting charities that serve the needy.

"I think people view us as big business and we need to personalize what we do for folks," he said. "I think we need to get out and work with agencies delivering meals on wheels and gleaning for food banks. You need to be out there with people so they can touch and feel you, so they can recognize that we're not a monster and that we're not cold and uncaring."

—BRUCE MILLAR

Conn. Charities Increase Their Share of Money Raised by Professional Phone Solicitors

Connecticut charities and civic organizations received a larger percentage of the money raised for them by professional telephone solicitors in 1991 than in the previous year, according to a new study by state regulators.

The report said that charitable and civic groups wound up with an average of 26.8 cents of each dollar donated in 1991, up from 23 cents in 1990.

When donations to police and firefighter organizations were included, a slightly different picture emerged: Organizations received about 29.3 cents of each dollar, up from 27.9 cents.

"Despite the improvement, the percentage is still much too low; it should be at least 50 per cent," said Richard Blumenthal, Attorney General of Connecticut.

"Charitable and civic organizations plainly must drive a harder bargain with the paid solicitors," added Mr. Blumenthal. "Too many organizations are receiving too little of the money contributed in their names—in the name of charity."

The report is based on the fifth annual study of fund-raising costs of non-profit organizations conducted by Connecticut's Public Charities Unit, which is a joint program of the Attorney General's office and the Department of Consumer Protection.

Highest in 5 Years

The report said that $861,649 of the $3.2-million collected in 1991 actually went to the 44 charities and civic groups to which donors contributed. The remaining $2.4-million paid for fees and expenses charged by professional fund raisers, the report said. In 1990, $844,075 of the $3.7-million collected wound up with 54 charities and civic groups; the remaining $2.8-million was spent on fund raising.

The 26.8-per-cent share of receipts that was kept by charities and civic groups in 1991 was the highest recorded in the five-year history of the survey. The lowest was 21.1 per cent in 1989.

The report also said that the number of Connecticut charities and civic groups that use paid solicitors had decreased, from 64 to 44—or 31 per cent—since 1989.

"We think that much of the decline is due to some of these smaller groups' being more sensitive to the down side of hiring paid telephone solicitors," said David Ormstedt, Assistant Attorney General of Connecticut.

Mr. Blumenthal said organizations had become better informed about hiring paid solicitors because of publicity generated by the state's annual report and by notices the state had sent to the press to inform the public about non-profits' fund-raising plans.

Connecticut law allows the Public Charities Unit to require solicitors to submit copies of contracts between charities and fund raisers that disclose the minimum amount charities are guaranteed to receive from campaigns. The state makes the contracts available to the public, along with financial profiles of charities.

More Out-of-State Groups

The report also said that more and more out-of-state charities are soliciting donations by telephone from residents of Connecticut. In general, those out-of-state groups kept a larger percentage of the amount donated—an average of 43 per cent—than did groups in Connecticut.

Free copies of the report, "Telephone Fund Raising 1991," are available from the Connecticut Public Charities Unit, 55 Elm Street, Hartford, Conn. 06106.

—GRANT WILLIAMS

Use of Paid Telephone Solicitors by Connecticut Non-Profits

Year	Number of charities	Gross amount raised	Net received by charity	Percentage received by charity
1987	134	$8,615,340	$2,289,563	26.6%
1988	157	8,916,695	2,283,409	25.6
1989	172	10,701,729	2,811,652	26.3
1990	137	9,311,258	2,600,435	27.9
1991	129	8,876,856	2,596,798	29.3

Charitable and Civic Organizations Only*

Year	Number of charities	Gross amount raised	Net received by charity	Percentage received by charity
1987	46	$2,975,515	$782,677	26.3%
1988	59	2,884,163	643,491	22.3
1989	64	3,473,096	732,234	21.1
1990	54	3,673,961	844,075	23.0
1991	44	3,213,418	861,649	26.8

* Excludes police and firefighters' groups.

SOURCE: Connecticut Public Charities Unit

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Baptist Children's Homes of North Carolina	Jan. 1990	March 1992	$11,000,000	$11,200,000
Bridgewater College (Va.)	April 1992	2000	60,000,000	15,000,000
Broward Community College Foundation (Fla.).	Jan. 1989	Dec. 1991	2,500,000	2,600,000
Children's Museum of Maine	Spring 1991	Summer 1992	2,500,000	1,035,000
Community Preparatory School (R.I.)	Dec. 1990	Dec. 1995	1,800,000	1,360,000
Georgia Southern U.	July 1990	July 1995	15,000,000	9,500,000
Illinois Wesleyan U.	May 1992	May 1997	58,000,000	30,100,000
Kansas State U.	July 1988	June 1993	125,000,000	130,000,000
Marist School (Ga.)	Aug. 1990	Aug. 1993	5,200,000	5,700,000
Museum of Contemporary Art, San Diego	April 1992	1995	10,500,000	7,088,418
Northeastern U., College of Business Administration (Mass.)	Feb. 1992	Winter 1993	4,500,000	2,000,000
Shawnee Mission Medical Center (Kan.)	Feb. 1989	Feb. 1992	2,500,000	2,512,905
Southeast Missouri U.	Sept. 1990	July 1992	25,000,000	25,487,700
Southwestern Adventist College (Tex.)	Sept. 1989	April 1992	2,250,000	2,285,000
University of the Arts (Pa.)	April 1992	April 1997	27,500,000	14,700,000

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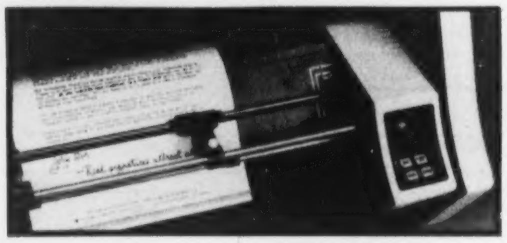

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Charities' Soaring Health-Insurance Costs

3-year increase of 84% kept some groups from expanding programs, forced others to ask workers to chip in

By VINCE STEHLE

HEALTH-INSURANCE COSTS for charities jumped 84 per cent between 1988 and 1991, according to a new report by the Families USA Foundation, a non-profit group that deals with health and social-welfare issues.

The increases far outpaced inflation, which rose 15 per cent during the time covered by the report.

Even when compared with other health-care costs, which have soared nationwide in recent years, the expenses borne by non-profit groups are high. From 1988 to 1991, overall spending on health care rose 35 per cent nationally, and the cost of health-insurance premiums of all types increased 56 per cent, according to the report.

"Some of the thousand points of light may soon disappear behind a dark cloud of insurance premiums," said Ron Pollack, executive director of the foundation.

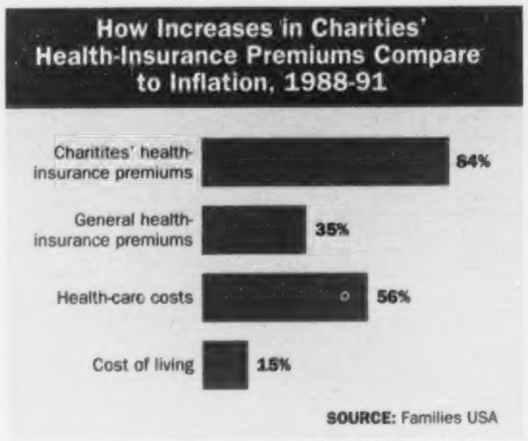
The report was based on data from 467 non-profit organizations nationwide and is thought to be the first to document the increasing cost of insurance for non-profit groups.

Limits on Charities' Ability to Provide Services

The explosion in health-insurance costs is especially difficult for many charities to deal with, the report said. Many groups have had to divert scarce financial resources to pay for employees' health insurance at the same time that the tight economy has caused increasing demand for non-profits' services.

Consequently, about one-third of the groups participating in the survey said that increasing health-care costs had limited their ability to hire more staff members to provide more services.

Over half of the groups said that the rising costs of benefits meant that workers had received smaller salaries than they otherwise would have. As a percentage of payroll expenses, the cost of providing employee health-care benefits rose 27 per cent from 1988 to 1991.



SOURCE: Families USA

CHRONICLE CHART BY JOJO GRAGASIN

Small Number of Workers Means Higher Costs

The main reason that health-insurance costs increased more for non-profit groups than for businesses or government is that most charities have a small number of workers.

As a result, charities generally face higher administrative expenses for their insurance benefits than do most other employers, Mr. Pollack said. He noted that small businesses saw increases similar to charities' during the years covered by the report.

For charities that employed fewer than six people, the cost of providing "managed care" to workers, either through a health-maintenance organization or another method of limiting the amount and type of care an employee could receive, rose 126 per cent. For groups with between 16 and 30 employees, the cost of providing standard insurance coverage rose 169 per cent.

Beyond the financial cost of health benefits, rapidly escalating premiums have forced many charities to devote a great deal of administrative time and effort to finding and negotiating the best rates possible. Nonetheless, all of the groups that responded to the survey said they provided some form of health-insurance coverage for their workers.

Many groups have instituted cost-cutting measures in their insurance plans to help offset the increasing price. The most common was to seek bids from a variety of insurance companies, an approach used by 82 per cent of the groups. Thirty-seven per cent required their employees to seek a second opinion on certain medical procedures, and 44 per cent required workers to get prior approval for some medical procedures. Only 4 per cent said they had cut back on health-care benefits of the dependents of their employees.

Employees Pay a Larger Share

Nearly half of the groups, 49 per cent, attempted to cut their costs by increasing the share paid by their employees. Some of the groups increased the employee contribution to the premium payments and some raised the deductible, the portion of medical costs an employee must pay before insurance payments begin.

Employee health benefits offered by charities vary greatly, but virtually all of them cover certain costs. Ninety-five per cent said they covered hospital and surgical services, and 94 per cent said they covered the

Continued on Page 34

IRS to Change Charity Tax Form to Get Clearer Picture of Fund-Raising Costs

By GRANT WILLIAMS

WASHINGTON

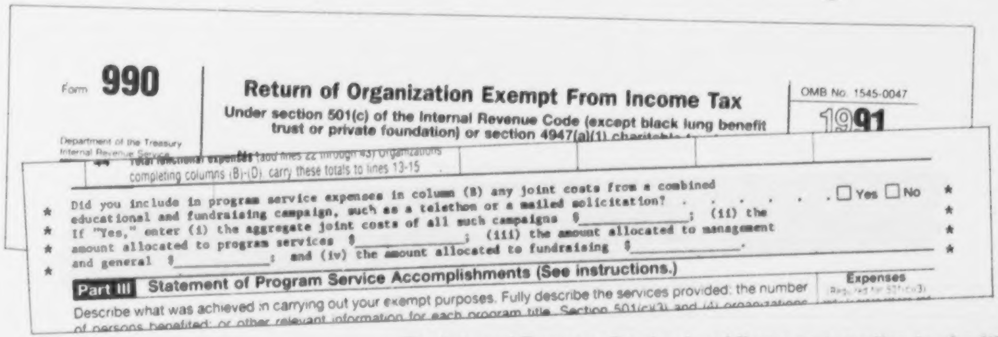
THE INTERNAL REVENUE SERVICE has announced that it plans to make important changes soon in two of the tax forms that non-profits file. The agency also said it hopes that within a few years organizations will be able to file their informational returns by computer.

IRS officials discussed the plans at a "town meeting" for non-profits held here.

The officials said they expected to add a few lines to the Form 990 informational tax return, which many non-profits file each year with the federal government. The changes are intended to give the service a better idea of precisely how much charities spend on fund raising and on charitable programs.

The addition would be made to the form's "Part II: Statement of Functional Expenses," which now asks non-profits to list their expenses in the categories of program services, management and general, and fund raising.

The new language would ask non-profits whether they use an accounting technique that allows them to shift some of their fund-raising expenditures into the category of program expenses, usually as public education. If so, they would be asked to provide details of the allocations.


Form 990

Return of Organization Exempt From Income Tax

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1)

OMB No. 1545-0047

1991

Department of the Treasury

completing columns (B)-(D), carry these totals to lines 13-15

★ Did you include in program service expenses in column (B) any joint costs from a combined educational and fundraising campaign, such as a telethon or a mailed solicitation? . . . . ☐ Yes ☐ No ★

★ If "Yes," enter (i) the aggregate joint costs of all such campaigns $________; (ii) the amount allocated to program services $________; (iii) the amount allocated to management and general $________; and (iv) the amount allocated to fundraising $________. ★

Part III Statement of Program Service Accomplishments (See instructions.)

Expenses

Describe what was achieved in carrying out your exempt purposes. Fully describe the services provided: the number

The Internal Revenue Service is adding a new section to charities' tax returns in order to obtain more information on expenditures.

Howard Schoenfeld, the IRS's special assistant for exempt organization matters, said the change was made partly at the request of state attorneys general.

Many state regulators have been concerned that when making these allocations, often called "joint costs," some charities have abused the accounting technique by overstating their program expenses and understating fund-raising costs.

"At the request of states, and to be in conformity with accounting rules, the service has sought to try to get a clarification of those joint costs," Mr. Schoenfeld said in an interview after the meeting. "There's a public interest in determining what these expenses are, in order to get an indication of how an organization spends its money."

Changes in Unrelated-Business Tax Form

The IRS plans a bigger facelift for the Form 990-T, which is used by non-profits to report their unrelated-business income taxes, known as UBIT. Organizations must pay those taxes on earnings from money-making activities unrelated to their tax-exempt purposes.

The changes are intended to make the forms easier to

Continued on Page 35

Charities' Health-Insurance Plans

	Number of employees						
	Under 6	6-15	16-30	31-50	51-100	Over 100	Total
Types of Plans[1]							
Standard insurance plan	82%	78%	79%	75%	79%	82%	79%
Managed-care plan	33	29	40	40	43	48	39
Self-insured	4	6	2	4	13	27	10
Part insurance and part self-insured	6	7	11	5	22	27	14
Average Monthly Employee Contributions[2]							
Single coverage	$78	$25	$15	$21	$26	$21	$27
Family coverage	145	151	151	147	192	136	152
Services Covered							
Hospital services	93%	93%	94%	93%	98%	99%	95%
Surgical services	93	93	94	93	98	99	95
Physician office visits	75	88	85	79	91	86	85
X-rays and laboratory tests	90	92	94	93	98	99	94
Inpatient mental health	83	84	90	91	89	92	88
Outpatient mental health	75	78	82	84	93	91	84
Dental	57	59	53	63	60	69	60
Prescription drugs	69	68	77	77	82	86	77
Vision	12	16	22	21	26	29	22
Other	33	35	24	35	23	35	31
Rejections of Coverage by Insurance Companies							
Individuals excluded due to illness or physical condition	8%	16%	11%	16%	4%	6%	10%
Individuals denied coverage for pre-existing conditions	18	21	25	25	24	40	27
Entire charity rejected by insurers	29	21	23	33	35	13	25
Average Increases in Premimum Costs from 1988 to 1991							
Standard insurance:							
Individual	90%	65%	169%	59%	62%	73%	84%
Family	73	76	77	90	65	130	91
Managed care:							
Individual	126	67	56	67	53	52	60
Family	118	71	65	136	56	53	96
Steps Taken by Charities to Lower Costs							
Sought bids from other insurers	78%	77%	87%	86%	85%	78%	82%
Changed insurance companies	33	35	44	53	40	32	39
Changed type or number of services	33	36	36	35	38	29	34
Raised out-of-pocket costs for employees	45	43	51	44	57	52	49
Cut back on coverage of dependents	4	5	5	5	6	2	4
Initiated a second-opinion program	20	28	33	44	44	49	37
Required prior approval for medical procedures	24	42	41	51	51	50	44
Put restrictions on health-care providers	14	14	14	19	26	21	18
Offered health maintenance organizations	10	11	14	21	24	26	18
Required health maintenance organizations	—	4	7	9	6	2	5
Steps Taken by Charities to Increase Out-of-Pocket Costs for Employees							
Increased contribution for individuals	16%	14%	14%	16%	21%	17%	16%
Increased contribution for families	20	23	27	23	39	31	28
Increased deductible for individuals	35	25	31	23	35	40	31
Increased deductible for families	24	19	27	23	38	37	28
Increased co-insurance percentage	8	6	9	11	13	12	10

[1] Totals in all columns may exceed 100 per cent, as many charities offered more than one plan.

[2] The averages are for groups that required employee contributions. Close to half of all respondents did not require employee contributions toward premiums.

SOURCE: Families USA

Charities Face Soaring Cost of Health Insurance

Continued from Page 33

cost of X-rays and laboratory tests. Dental-care coverage was less common, offered by 60 per cent. Eye examinations were covered by 22 per cent.

Many of the charities reported that their health-insurance policies excluded participation of some employees. Ten per cent of the groups had insurance that rejected some people because of a history of poor health in their families. Some 25 per cent had policies that excluded coverage for people who already had specific illnesses before they tried to get insurance coverage.

Copies of the report, "The Crunch: The Health Insurance Crisis Comes to America's Charities," are available for $5 from the Families USA Foundation, 1334 G Street, N.W., Washington 20005; (202) 628-3030.

ANNUAL REPORTS

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Assets: $5,276,526.

Liabilities: $2,165,261.

Income: Grants and contributions, $1,362,292; membership dues, $3,760,414; annual conference, $674,350; workshops and seminars, $375,099; *Foundation News*, $302,439; publication income, $133,346; investment income and other, $529,084; total, $7,137,024.

Expenses: Planning and education, $1,237,042; general member services, $1,322,166; research, $259,669; communications, $843,548; *Foundation News*, $872,256; government relations and administrative affairs, $395,297; administration and management, $702,276; policy and governance, $231,221; Council Initiative program, $166,512; specially financed projects, $1,370,817; Scrivner fund, $12,299; total, $7,413,103.

Notes: Created in 1949, the council is a membership organization that seeks to promote responsible and effective grant making, develop and maintain a supportive environment for philanthropy, encourage collaboration and cooperation among grant makers, and promote the formation of new foundations.

Of its 1,270 members, 53.1 per cent are private foundations, 19.5 per cent are community foundations, 14.8 per cent are corporate-related foundations, 4.8 per cent are public foundations, 4.7 per cent are foreign-based funds, and 3.1 per cent are operating foundations.

In 1991, the council approved creation of a 21-member Task Force on Inclusiveness to promote increased emphasis by grant makers on pluralism in American society, and began a new three-year national project to improve the management and program effectiveness of 22 Regional Associations of Grantmakers.

In July, the council joined with representatives of Canadian and Mexican centers on philanthropy to discuss ways to increase cooperative ventures.

Council researchers began a survey of community foundations to determine the status and management of those foundations' assets, grants, and administrative expenses.

Key officials: James A. Joseph, president and chief executive officer; Lorie Slutsky, chair of the Board of Directors.

INDEPENDENT SECTOR

1828 L Street, N.W.
Washington 20036
(202) 223-8100

Period covered: Year ending December 31, 1991.

Assets: $8,318,748.

Liabilities: $8,026,394.

Income: Membership dues, $2,022,460; annual conference fees, $187,820; contributions and grants, $1,863,096; net investment income, $144,920; publication sales and other, $167,580; total, $4,385,876.

Expenses: Program services, $3,404,553; general management, $408,285; membership development, $277,330; fund raising, $186,681; total, $4,276,849.

Notes: Independent Sector is a membership coalition of over 850 private and corporate foundations and voluntary organizations. It seeks to encourage charitable giving, volunteerism, and non-profit efforts by working on legislative issues and public education, commissioning studies and producing research data, sponsoring forums and workshops, and developing campaigns to increase charitable giving.

In 1991, national voluntary institutions constituted 55 per cent of the organization's membership, and grant makers accounted for the remaining 45 per cent.

That year, the organization undertook a $10-million campaign, "Building for Greater Achievement and Achievements Worth Building For," to raise financial support for specific program priorities over the next three years. By February 1992, a total of $6.6-million had been received.

Independent Sector joined with other organizations to work to defeat an Office of Management and Budget proposal that would have ended non-profit postal rates for certain types of advocacy and educational materials.

The group also put forth four priority tax-advocacy issues that it is pursuing in 1992, including efforts to have charitable deductions excluded from the 3-per-cent floor on itemized deductions.

At the request of several U.S. and European grant makers, Independent Sector and the Council on Foundations began an international study into the need to develop suitable ways to encourage voluntary efforts in other countries and regions in the world.

Key officials: Brian O' Connell, president; Eugene C. Dorsey, chairperson of the Board of Directors.

LITERACY VOLUNTEERS OF AMERICA

5795 Widewaters Parkway
Syracuse, N.Y. 13214-1846
(315) 445-8000

Period covered: Year ending June 30, 1991.

Assets: $1,010,546.

Liabilities: $359,418.

Income: Public support, $1,131,213; sale of publications, $881,181; dues from affiliates, $62,035; annual conference, $59,425; other, $53,866; total, $2,187,720.

Expenses: Program services, $1,491,585; management and general, $237,043; fund raising, $159,632; total, $1,888,260.

Notes: Literacy Volunteers of America is a volunteer-based organization that provides tutoring and other direct educational services to people working toward increased literacy, including teaching of English as a second language, and works with other organizations that are committed to increasing literacy.

In 1990-91, LVA provided services to 52,338 people; the total number of volunteer tutors and administrators was 51,437. Thirty-five new affiliate organizations from 17 states were added to its network, for a total of 434 affiliates in 41 states.

Field services provided by LVA included training volunteers through the Reading With Children program and implementing literacy projects involving both children and their families in coordination with six affiliates in the Southeast.

Public-policy efforts included working with Congressional staff members and other literacy organizations to assure passage of the National Literacy Act and to secure budget support for non-profit literacy volunteer programs.

Key officials: Jinx Crouch, president; William Wilson, chairman of the Board of Directors; Barbara Bush, honorary chair.

UNITED JEWISH APPEAL

National Headquarters
99 Park Avenue, Suite 300
New York 10016-1599
(212) 818-9100

Period covered: Year ending December 31, 1991. (Financial data are for year ending June 30, 1991.)

Assets: $17,223,000.

Liabilities: Not listed.

Income: Collections from regular campaigns, $378,276,000; collections from special campaigns, $289,785,000; interest and other income, $176,000; total, $668,237,000.

Expenses: Campaign and related, $21,005,000; management and general, $3,037,000; distributions to agencies, $632,666,000.

Notes: Founded in 1939, the United Jewish Appeal serves as the main fund-raising organization for two overseas humanitarian agencies: the United Israel Appeal, which transmits funds to the Jewish Agency for Israel, and the American Jewish Joint Distribution Committee.

The Jewish Agency for Israel supports projects related to immigration, youth-education programs, rural settlement programs, and neighborhood renewal in Israel. The Distribution Committee operates in 40 countries worldwide, providing support programs to Jewish communities.

The UJA raises funds in conjunction with 189 local federations and 314 non-federated communities in the United States. In 1991, $335-million was raised through the UJA-Federation Regular Campaign, $252-million through the Operation Exodus Campaign, and $23-million through other campaigns. The Operation Exodus Campaign, designed to aid the absorption of Soviet Jews into Israel, expanded its goal from $870-million to $1-billion. Included in that total was some $130-million for the needs of new Ethiopian Jewish immigrants who had been rapidly evacuated from that country.

The UJA also raised funds for Project Renewal, which benefits urban-revitalization efforts in Israel, and for the Israel Education Fund, which enables donors to directly support the construction of cultural and educational facilities in that country.

Key officials: Rabbi Brian L. Lurie, executive vice-president; Morton A. Kornreich, chairman of the Board of Trustees; Marvin Lender, national chairman.

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The Newspaper of the Non-Profit World

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WOMEN'S NEW CHARITY CLOUT

As both donors and fund raisers, they are becoming sophisticated and organized, and non-profits are scrambling to win them over

JOHN FORASTE / BROWN UNIVERSITY

Brown University's Ann W. Caldwell, the Ivy League's first female vice-president for development: "The issue is to put higher expectations in front of women in terms of what they can do as donors."

By HOLLY HALL

IN WHAT ONE OF THEM CALLS "a coming of age," women are playing a substantially larger role in American philanthropy, both as fund raisers and as donors.

At non-profit organizations around the country, women are being named to high-powered fund-raising jobs. And many charities are focusing on ways to encourage women, who make smaller gifts on average than men do, to be more generous. Many fund raisers say they have had to rethink their approaches to asking for gifts because solicitation styles that work well with men aren't always successful with women.

"We've reached a point of greater power in society, and many of us are in our most important years as professionals, consumers, and donors," says Kathleen D. McCarthy, director of the Center for the Study of Philanthropy at the City University of New York. "This will have implications for philanthropy and the way in which money flows into different kinds of institutions in society."

Nikki Newman Tanner, who co-chaired Wellesley College's recently completed $168-million campaign, says that the new attention to women in philanthropy marks "a coming of age for women. Some are seeing it as a rite of passage into the world of decision making and responsibility."

Among the developments:

► While women have outnumbered men in fund-raising jobs since the late 1980's, they are now taking more high-profile positions. Last summer Brown University became the first Ivy League institution to hire a female vice-president for development: Ann W. Caldwell, who is now running that university's just-announced $450-million campaign.

► Women are joining professional organizations of female fund raisers in dramatic numbers. The group Women in Development of Greater Boston has swelled from a dozen founders to 800 members in 10 years, while Women in Financial Development in New York has grown from 10 members to more than 300 in seven years. (See story on Page 25.)

► A new Center for Women and Philanthropy was created in 1989 at the University of Wisconsin at Madison with seed money donated by two alumnae. The center received its first grant from the Johnson Foundation of Racine, Wis., to pay for a conference in October that is intended to "set a national agenda for women and philanthropy."

► A national Network on Women as Philanthropists, started by two Wisconsin fund raisers last year, has generated so much interest that the founders say they have a hard time answering the mail and telephone calls. The network has grown from 25 fund raisers and donors to nearly 500, who share information through a newsletter. The group is making plans to hold regional workshops and other meetings.

► The National Council for Research on Women, a New York–based group, received a $127,727 grant

Continued on Page 22

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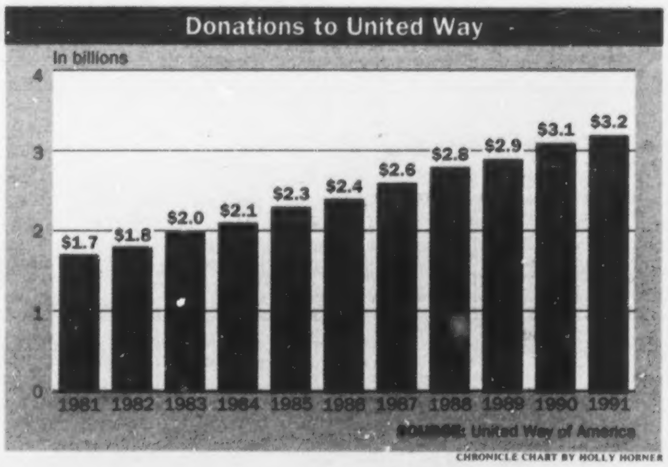

SOURCE: United Way of America

CHRONICLE CHART BY HOLLY HORNER

Small Rise for United Way

United Way raised almost $3.2-billion, a record, in 1991 (see chart above). But the increase was not enough to keep pace with inflation. Story on Page 26.

Ross Perot's Philanthropy

In his charitable giving, Ross Perot emphasizes traditional values, seeks to create world-class institutions, and expects to get results. Story on Page 6.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 17

About Grant Makers

12 The Pew Charitable Trusts are announcing a new grant program that will spend as much as $56-million to help states improve their services to needy children.

8 The Robert Wood Johnson Foundation is giving $8-million to set up a new center to study and prevent substance abuse.

8 The Lynde and Harry Bradley Foundation has announced a new grant program to test the idea of school choice.

8 Rapid growth has led the Howard and Vira I. Heinz Endowments, which now have more than $1-billion in assets, to adopt a new management structure.

8 The Commonwealth Fund has had major changes in its senior staff.

16 The J. Roderick MacArthur Foundation has awarded a grant to support monitoring of major television evangelists' financial practices.

14 The John D. and Catherine T. MacArthur Foundation has announced the 1992 recipients of its "genius awards."

12 A new publication from the Council for Aid to Education offers guidance for corporations involved in school reform.

33 American foundations are asking the Treasury Department to back a special tax-treaty provision that would encourage philanthropy between the United States and Mexico (Tax Watch).

15 Recent grants by foundations, corporations, and other grant makers.

20 Summaries of annual reports from the Cleveland, Frey, and Alfred P. Sloan Foundations, the Colorado Trust, and the Foundation for the Carolinas.

About Non-Profits

29 After years of internal turmoil, the American Cancer Society has a new leader and a trimmed-down list of priorities.

30 Non-profit leaders concerned about federal limits on free speech are encouraged by two recent court rulings.

27 United Way of America is paring down its staff, considering changes in its structure, and responding to subpoenas from the Justice Department.

28 Boy Scouts of America is calling for a protest against three companies and a local United Way that have cut off support for the organization.

33 Thousands of investors were defrauded in a scheme involving church and non-profit-corporation bonds, the Securities and Exchange Commission has charged.

33 The IRS ruled that telephone solicitors who ask for donations of merchandise to a charity's thrift stores are self-employed, which means that the non-profit does not have to withhold or match federal employment taxes (Tax Watch).

AMERICAN CANCER SOCIETY

A new chief for the American Cancer Society **29**

33 The Internal Revenue Service took too long to decide that a charity would lose its tax-exempt status, the U.S. Tax Court has ruled (Tax Watch).

33 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About Volunteers

12 A federal commission established to encourage volunteerism and community service has announced its first round of grants, worth $63-million.

8 A federal court has upheld a Pennsylvania school system's requirement that students do volunteer work.

10 Points of Light 781 to 793 were named by the Bush Administration.

Of Special Interest to Board Members

1 **Charities that want to garner more large donations from women will have to put more women on their boards, fund raisers say, but traditional patterns of recruiting trustees may have to be altered.**

26 **A college's board chairman challenged students, faculty members, and alumni to a series of athletic contests in order to earn a $1-million donation.**

About Fund Raising

1 Women are becoming more influential in philanthropy, both as fund raisers and as donors, and many non-profits are finding that asking women for large gifts requires some new techniques.

25 Female fund raisers are creating their own organizations to gain influence in the field.

26 United Ways raised a record $3.17-billion in 1991, but the increase was only 1.9 per cent, not enough to keep pace with inflation.

28 Action last week by a House of Representatives subcommittee could cause postage rates for charities to increase by as much as 60 per cent, but lawmakers said they wouldn't let that happen.

34 Telephone fund raising draws a higher response than direct mail, but choosing between the two isn't that simple, experts say (The Basics).

34 Ideas: Raising money by outdoing the board chairman, making every penny count, and getting furniture from an upscale department store.

35 A direct-mail appeal to aid Iraqi children after the Persian Gulf War did better than some experts expected.

8 A bequest will establish a $17-million endowment at the Minneapolis Community Foundation to help the poor; other recent gifts.

28 Update on campaigns for endowments and capital improvements.

About Philanthropists

6 Ross Perot's philanthropy is like his political campaigning: demanding results.

7 Muriel Siebert, the first woman to hold a seat on the New York Stock Exchange, gives away to charities half of her profits on underwriting new securities. She says it's both good philanthropy and good business.

Also In This Issue

32 **Press Clippings:** *The New York Times Magazine* on the MacArthur Fellows and *Washingtonian* on the man who investigated United Way of America.

40 **Opinion:** Mark Rosenman on the need for a renewed emphasis on altruism in the wake of the United Way controversy, and Pablo Eisenberg on supporting neighborhood organizations to help find answers to urban ills.

40 **Letters** on the Ford Foundation, United Way, volunteers, a book on non-profits, natural mothers, the bottom line for non-profit boards, and getting rid of fund raisers.

36 **Books:** Summaries of new publications on philanthropy, fund raising, and non-profit management.

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Rise in Gifts to United Ways Fails to Keep Pace With Inflation Rate

United Ways across the country raised a total of $3.17-billion in 1991. Although the drives raised $60-million more than the year before, it was the second year in a row that United Ways were not able to keep pace with inflation.

United Ways brought in 1.9 per cent more than in 1990, but inflation rose by 4.2 per cent in 1991. That means a 2.3 per cent loss in the amount of real dollars that United Way will distribute, on average, to 40,000 local health and social-welfare organizations.

At the same time that United Way announced its fund-raising figures, the federal government announced that its employees had raised nearly 7 per cent more through its 1991 Combined Federal Campaign.

United Way of America officials blamed the tight economy for the slow growth and said they were pleased that giving had not dropped off more, given how many people had lost their jobs. United Ways depend on workers for most of their contributions: 90 per cent of the money comes through on-the-job drives.

While many United Ways—and the charities they support—have been worrying about a drop in giving because of this winter's controversy over spending and management practices at United Way of America, the results announced last week do not provide much evidence one way or the other about the possible fallout. Most United Way drives had been completed by the time controversy surfaced in the press.

The largest United Way drive, run by United Ways of Tri-State in the New York metropolitan area, saw a tiny increase: $192.9-million was collected in the 1991 drive, compared to $192.8-million the previous year.

Among the nation's biggest United Ways—those that raise more than $9-million—the largest gains were achieved by two Florida drives. Orlando's Heart of Florida United Way post an 11-per-cent increase and Jacksonville's United Way of Northeast Florida raised 10.9 per cent more.

3.7% Drop in Ariz.

The biggest drop for a complete fall campaign was a 3.7-per-cent decline at the United Way of Greater Tucson in Arizona. Preliminary results from Los Angeles, where the campaign is not complete, showed a 4.4-per-cent decline and the only spring United Way campaign, in Rochester, N.Y., posted a 5.5-per-cent drop.

Over all, said Richard Fusco, senior vice-president for marketing at United Way of America, "I think it's a commendable result. It wasn't quite up to earlier expectations but the arrow is going in the right direction."

He said the decline in real dollars would hurt the programs and services provided by local charities, many of which already are struggling to keep up with increasing needs.

"The declining economy means people have less to give and creates a real pressure cooker for United Ways and its agencies," Mr. Fusco said. "It's going to create real gaps in services across the board."

K. Russell Weathers, national executive director of Camp Fire Boys and Girls—one of the biggest recipients of United Way aid—said most of its affiliates have been told they will receive about the same amount from the 1991 United Way drives that they did the previous year. But he said everyone was worried about next fall's United Way campaigns, both because of the sluggish economy and concern about the impact of the United Way of America controversy.

The $3.17-billion total is a preliminary figure that may be updated later, said Tony De Cristofaro, a spokesman for United Way of America.

A final total, along with details about the results of United Way drives across the country, is scheduled to be released in August.

$203.7-Million in 1991

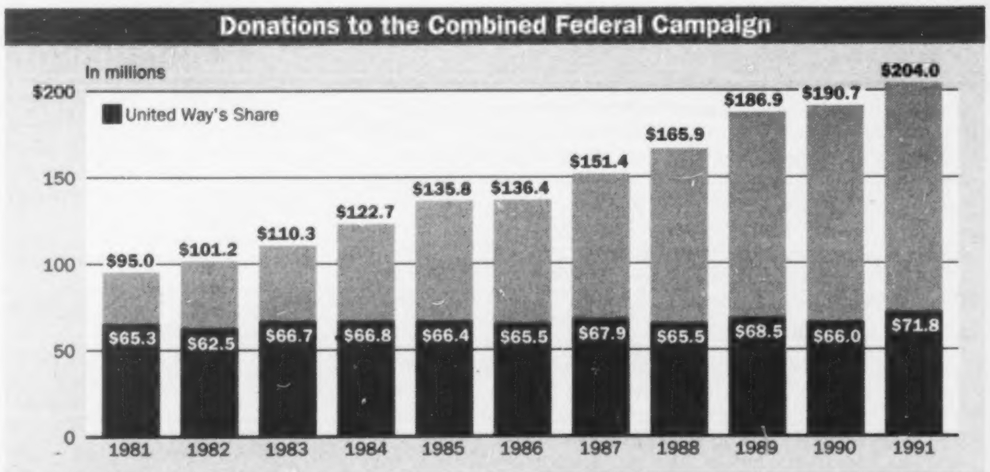
The growth in United Way campaigns was about half that of the annual drive for federal workers.

The 1991 Combined Federal Campaign raised $203.7-million, compared with the $190.6-million brought in during 1990.

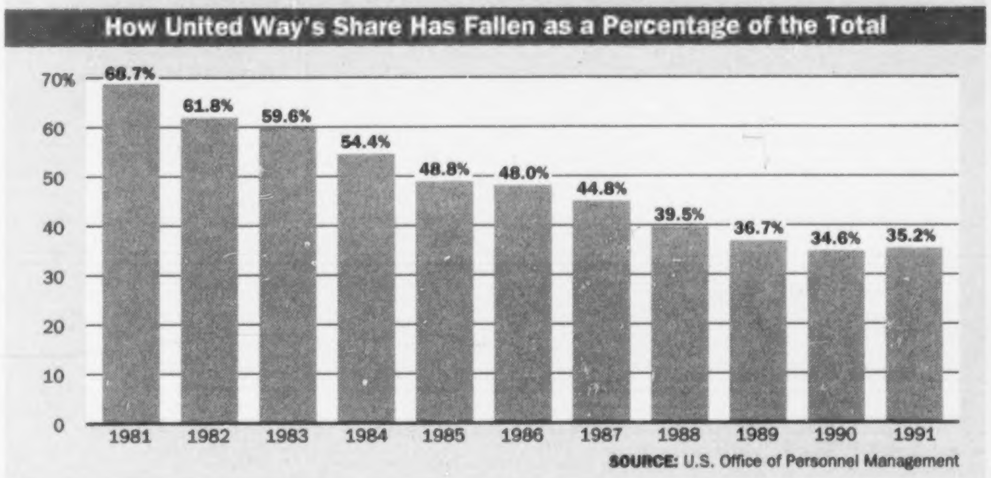
Dennis Matteotti, acting director of the campaign, said participation in the drive remained steady at about 53 per cent of employees while the size of the average gift increased to $82.51, up from $76.20 in 1990.

"Our average gift has been rising each year," he said. "Our participation is staying about the same, so that's why we had a fairly good increase in contributions."

A record 640 charities were allowed to participate in the 1991 campaign. Next year that number will swell to close to 800 as more non-profit organizations recognize the drive's potential for contributions and seek to participate, Mr. Matteotti said. —BRUCE MILLAR AND JENNIFER MOORE



Donations to the Combined Federal Campaign



How United Way's Share Has Fallen as a Percentage of the Total

SOURCE: U.S. Office of Personnel Management

CHRONICLE CHART BY JOJO GRAGASIN

Preliminary Results From 67 United Way Campaigns Conducted in 1991

	1990	1991	Percentage change	Percentage of goal
Akron, Ohio	$10,315,000	$10,402,000	+ 0.8%	98.6%
Atlanta	51,000,000	54,049,928	+ 6.0	100.1
Baltimore	38,552,800	39,009,745	+ 1.2	96.6
Birmingham, Ala.	17,469,720	18,409,115	+ 5.4	101.7
Boston	47,851,228	47,311,768	− 1.6	96.1
Buffalo, N.Y.	17,115,129	17,215,494	+ 0.6	100.1
Charlotte, N.C.	18,028,083	18,029,000	0.0	100.0
Chattanooga, Tenn.	10,903,658	10,993,285	+ 0.8	100.8
Chicago	103,501,000	105,581,000	+ 2.0	95.1
Cincinnati	43,220,264	43,355,643	+ 0.3	100.1
Cleveland	52,024,915	51,306,124	− 1.4	98.5
Columbus, Ohio	32,165,591	33,005,250	+ 2.6	100.4
Dallas	41,841,166	41,977,500	+ 0.3	97.3
Dayton, Ohio	20,211,135	19,918,856	− 1.4	98.6
Deer Park, N.Y.	10,109,000	9,800,000	− 3.0	93.3
Denver	27,616,612	27,550,000	− 0.2	95.0
Des Moines	10,144,121	10,401,698	+ 2.5	97.7
Detroit	63,546,035	62,006,327	− 2.4	n/a
Flint, Mich.	9,000,618	9,080,315	+ 0.9	100.9
Fort Worth	23,712,000	23,610,508	− 0.4	104.9
Grand Rapids, Mich.	11,750,000	12,006,975	+ 2.2	n/a
Hartford, Conn.	26,413,950	26,511,000	+ 0.4	98.2
Honolulu	18,165,996	18,767,269	+ 3.0	98.7
Houston	61,616,847	64,003,621	+ 3.9	94.5
Indianapolis	29,593,219	31,572,122	+ 6.7	100.0
Irvine, Cal.	21,435,619	21,038,858	− 1.9	91.5
Jacksonville, Fla.	14,161,691	15,706,926	+10.9	n/a
Kansas City, Mo.	32,519,832	33,356,297	+ 2.6	101.6
Los Angeles[1]	90,139,563	86,200,000	− 4.4	n/a
Louisville, Ky.	19,508,000	20,883,000	+ 7.0	100.5
Memphis	18,575,590	19,132,775	+ 3.0	n/a
Miami	19,700,000	20,010,930	+ 1.6	100.1
Milwaukee	24,335,517	26,012,218	+ 6.9	97.8
Minneapolis	45,100,786	47,025,000	+ 4.3	99.0
Nashville	$18,000,000	$19,004,933	+ 5.6%	100.0%
New Orleans	17,650,000	18,020,000	+ 2.1	96.9
New York	77,600,000	n/a	n/a	n/a
Newark	12,417,000	n/a	n/a	n/a
Norfolk, Va.	17,055,861	16,670,395	− 2.3	97.5
Oklahoma City	9,601,227	10,030,391	+ 4.5	95.3
Omaha	13,602,310	14,262,814	+ 4.9	97.7
Orlando, Fla.	10,907,252	12,107,091	+11.0	n/a
Philadelphia	55,549,880	55,270,000	− 0.5	98.7
Phoenix	18,017,757	19,465,040	+ 8.0	102.3
Pittsburgh	36,571,642	36,741,107	+ 0.5	96.5
Portland, Ore.	19,600,000	20,600,000	+ 5.1	100.5
Providence, R.I.	14,600,296	14,615,000	+ 0.1	90.8
Raleigh, N.C.	9,420,923	10,002,489	+ 6.2	100.5
Richmond, Va.	18,191,025	19,001,024	+ 4.5	100.0
Rochester, N.Y.[2]	37,366,678	35,403,518	− 5.5	91.9
Sácramento, Cal.	13,176,636	13,202,000	+ 0.2	90.9
St. Louis	49,431,469	50,078,930	+ 1.3	100.2
St. Paul	19,300,000	20,115,325	+ 4.2	100.1
San Antonio	21,364,189	23,001,010	+ 7.7	104.6
San Diego	29,700,000	30,370,000	+ 2.3	94.9
San Francisco	57,747,000	59,008,528	+ 2.2	96.7
Santa Clara, Cal.	25,353,933	25,908,387	+ 2.2	n/a
Seattle	42,282,702	45,502,702	+ 7.6	100.0
Tampa, Fla.	9,741,510	10,141,223	+ 4.1	n/a
Toledo, Ohio	12,752,630	12,802,710	+ 0.4	n/a
Tucson, Ariz.	10,231,434	9,851,510	− 3.7	n/a
Tulsa, Okla.	14,960,920	16,372,900	+ 9.4	100.0
Washington	72,360,772	74,895,519	+ 3.5	n/a
White Plains, N.Y.[1]	15,119,466	15,200,000	+ 0.1	96.2
Wichita, Kan.	10,251,626	11,208,179	+ 9.3	104.7
Wilmington, Del.	17,887,142	17,928,676	+ 0.2	97.4
Winston-Salem, N.C.	11,067,668	11,892,511	+ 7.5	100.0

[1] Campaign not completed. [2] Totals are for spring 1991 and 1992. n/a Not available.

SOURCE: United Way of America

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
California Shakespeare Company	Dec. 1987	May 1992	$2,810,000	$2,820,000
City U. of New York–College of Staten Island	April 1992	Sept. 1997	10,000,000	750,000
Davidson College (N.C.)	Nov. 1989	June 1995	150,000,000	98,300,000
Pittsburgh Foundation	April 1985	April 1995	50,000,000	56,000,000
South Shore Health and Educational Foundation (Mass.).	Oct. 1990	May 1992	3,200,000	3,200,000
U. of Alabama	May 1992	May 1997	165,000,000	61,900,000
Ursinus College (Pa.)	June 1992	Dec. 1994	39,000,000	20,000,000

House Panel Approves Cut in Charity-Mail Subsidy

By HOLLY HALL

WASHINGTON

Federal spending on non-profit mailings would be cut drastically under a plan approved by a House appropriations subcommittee last week.

Lobbyists for non-profits said the plan could cause postage rates for charities to increase by as much as 60 per cent in the fiscal year that begins October 1.

However, subcommittee staff members said lawmakers were taking steps to make sure their action did not lead to an increase in postal rates for non-profits. They said they were working on a plan that would keep rates stable by changing how the subsidies work while reducing the amount the government had to spend on them.

Even with those assurances, charity lobbyists said they feared that the appropriations action could eventually lead to sharp increases in rates.

If efforts to change the subsidy system do not pass but Congress votes a lot less for the subsidies, non-profit groups could face problems.

$200-Million Approved

Each year, Congress provides money to the Postal Service to make up the difference between the lower postage paid by non-profits and the actual costs of delivering their mail.

In a meeting that was closed to the public, subcommittee members voted to provide $200-million in non-profit mail subsidies.

They also approved a provision that would order the Postal Service to maintain current rates for non-profit postage throughout fiscal year 1993, which begins October 1, according to subcommittee aides.

The $200-million figure is less than half of the $481.9-million that postal officials say they need to keep non-profit postage rates stable in fiscal 1993.

The action last week was the first key step in the long process of appropriating money for the next fiscal year.

The bill still must be considered by other House and Senate panels, then approved by both chambers. Spending measures often aren't made final until very close to the beginning of the government's new fiscal year.

Scouts Call for Protest After More Companies Stop Gifts

Boy Scouts of America is calling for a nationwide protest against three companies and a local United Way that have cut off support for the youth group because it bars gays and atheists.

This month, two San Francisco–based companies—Wells Fargo Bank and BankAmerica Corporation—became the latest to announce that they will cease grants to the Scouts because both companies have policies barring support for non-profits that discriminate on any of several grounds, including sexual orientation and religion. Wells Fargo had given an average of $35,000 yearly to Scout councils throughout California, and BankAmerica gave $30,000 last year.

Levi Strauss & Company and the Levi Strauss Foundation last month said they would cease their support for the Scouts, and the United Way of the Bay Area in San Francisco announced in April that, beginning next year, it would stop the Scouts' general allocation, which was $849,000 in 1991.

Contributions from the four organizations constituted more than 20 per cent of the combined revenue for the six San Francisco Bay area councils.

In response, Buford Hill, the Scouts' Western regional director, called a press conference to announce that the Boy Scouts would ask all 5.3 million youth members and adult leaders across the country to write, call, or visit the three companies and the Bay Area United Way to protest their decisions.

'Silent Majority' Fighting Back

"The silent majority of this country has been becoming less silent, and we believe will, in fact, become quite vocal about United Way of the Bay Area's attempts to manipulate American values," he said. Mr. Hill alleged that the United Way had pressured the companies to "kick out the Boy Scouts."

John Stafford, a spokesman for the Bay Area United Way, denied the charges. "We believe we reflect the dominant values of the community," he said. "And I believe that reflection is exemplified in the kinds of corporate policies that have led several major local employers to unilaterally reach the same conclusion we have—and I underline unilaterally."

For people who wish to use United Way's "donor choice" to direct all of their contributions to the Boy Scouts, Mr. Hill suggested that the money be sent directly to the Scouts, thereby denying United Way the overhead charge it receives for processing such contributions. Mr. Stafford said that charge amounts to 13.9 per cent of the donation.

Mr. Hill said in an interview that his office had already received a "flood" of calls from people who said they had closed their bank accounts at BankAmerica and Wells Fargo in protest. A Wells Fargo spokeswoman said the bank had received calls both for and against the decision, but that she knew of no customer who had closed an account over the Scouts issue.

Russ Yarrow, a BankAmerica spokesman, said: "Some people have closed their accounts; we don't think it's significant."

Mr. Hill said that the companies' decision to cut off funds would hurt the Scouts' outreach programs, which serve inner-city children and kids with disabilities.

Boy Scouts of America requires members to pledge their duty to God and bars homosexuals because it contends that they do not adhere to a requirement that Scouts be "morally straight" and "clean."

—KRISTIN A. GOSS

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

July 1991	9.6%
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6
June	8.4

SOURCE: PG Calc Inc.

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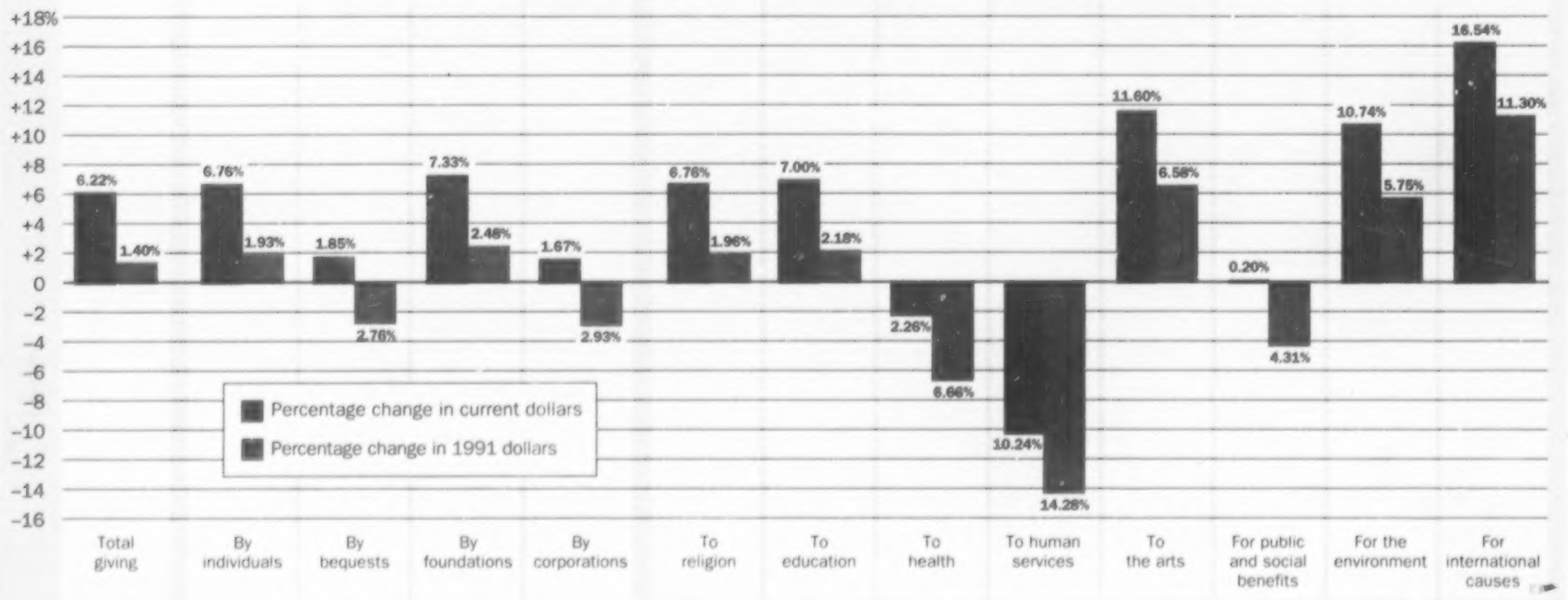
The Ups and Downs of Charitable Giving, 1991



SOURCE: Giving USA

CHRONICLE CHART BY JOJO GRAGASIN

1991: A 'MODEST' RISE IN CHARITABLE GIVING

Total donations reached $124.8-billion and stayed ahead of inflation, but human-services, health, and advocacy groups lost ground

By GRANT WILLIAMS

AMERICANS GAVE an estimated $124.8-billion to charity in 1991, an increase of $7.3-billion that slightly outpaced the rate of inflation.

But some kinds of non-profits, especially human-services and health organizations, saw significant decreases. International causes posted the largest percentage gain.

According to preliminary estimates presented last week in *Giving USA*, the yearbook of American philanthropy, the increase in donations was 6.2 per cent above 1990's total of $117.5-billion. *Giving USA* called the gain "modest."

The increase exceeded the inflation rate of 4.6 per cent for services, as reported by the federal Bureau of Labor Statistics. The Consumer Price Index for all items rose 3.1 per cent, but *Giving USA* used the service-industry figure because, it said, that statistic provided the best indication of how much more non-profits had to spend to provide services.

"No single estimate aptly summarizes this unusual year that started in a recession and ended with dramatic stock-market growth," the report said.

Recession Had a 'Complex, Variable Effect'

Martin Grenzebach, chairperson of the AAFRC Trust for Philanthropy, which prepares *Giving USA*, said the recession had a "complex, variable effect" on non-profit recipients of donations.

"It does not suffice to say that giving went up or down in 1991," said Mr. Grenzebach, chairman of John Grenzebach and Associates. "The modest increase in overall giving belies considerable ups and downs."

Among the report's key findings:

► Contributions to human-services groups fell by the largest amount, an inflation-adjusted 14 per cent, at a time when those charities faced an increased demand for services.

► Donations to health organizations decreased 6.6

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MARK PETERSON / JB PICTURES

Killing Off Foundations
Brooke Astor (*above*) says her foundation will go out of existence soon after she dies. Officials of foundations that take that step think it's a good idea. Story on Page 6.

Rebuilding the Inner City
Ten grant makers have announced a $5-million program to revitalize inner-city neighborhoods. They believe it could be a model for other such efforts. Story on Page 11.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Fund Raising

1 Total donations to charity increased faster than inflation last year, but human-services and health groups lost ground, says the annual report *Giving USA*. International causes saw the largest percentage increase.

19 A top Internal Revenue Service official says the IRS is not seeking to put new restrictions on non-profits in taking away the tax exemption of a health charity. But the charity's lawyer has sent a letter to other non-profits asking them to support its case.

34 Key committees in the House and Senate have approved legislation that would extend a tax break for gifts of property that has grown in value (Tax Watch).

34 The IRS is urging charity officials to offer ideas at a public hearing on corporate sponsorships (Tax Watch).

23 A Wisconsin company has sued a non-profit, charging it was libeled in a fund-raising letter.

23 The California Supreme Court has cleared the way for cities and towns to require the fingerprinting of professional fund-raising solicitors.

23 Donations to a federation of environmental groups were up 19 per cent last year.

24 Nearly 800 charities will participate in this year's fund-raising drive among federal-government employees—23 per cent more organizations than in last year's campaign.

9 Recent gifts to non-profit organizations and institutions.

22 Updates on campaigns for endowments and capital improvements.

About Managing Non-Profits

29 America's symphony orchestras face severe financial difficulties, even though contributions and audiences have increased.

30 In the year of the outsider in politics, non-profits can make a major contribution and gain more attention, says the president of the Ms. Foundation.

31 The average chief executive of a New York City non-profit makes $29,800, according to the most extensive survey of those groups ever conducted.

26 Faced with tight budgets, non-profits are seeking discounts, pooling ideas, bartering with other groups, and trying other ideas to cut costs and save money (The Basics).

30 Seventy-five employees of United Way of America have volunteered to resign, as the organization moves to cut its staff.

30 Vice-President Quayle criticized companies and other donors that have cut off their support to the Boy Scouts because of its ban on homosexuals.

34 Reports on charities by the National Charities Information Bureau.

KEN LEVINSON

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About Grant Makers

6 Only a few foundations spend themselves out of existence, but many leaders of those that do so think it's a good idea.

11 The Surdna Foundation and nine other grant makers have announced a $5-million program to revitalize New York City's South Bronx neighborhoods. The grant makers hope the approach will be a model for revitalizing inner cities.

12 The Colorado Trust has pledged $4.5-million for a new program to develop broad-based community projects to improve health care.

12 Two grants from the Pew Charitable Trusts will help restructure Philadelphia's public schools.

12 The Freedom Forum is backing two journalism internships at the *Oakland Tribune* in California.

12 Pioneer Electronics has donated $600,000 to the effort to rebuild Los Angeles following the riots.

14 A grant from the Mary Reynolds Babcock Foundation is supporting a group that hopes to create a new generation of non-profit and government leaders.

14 Recent grants by foundations, corporations, and other grant makers.

16 Summaries of annual reports from the Blandin and Koret Foundations, the Fund for New Jersey, and Citibank's corporate-giving program.

About International Philanthropy

10 Philanthropy is taking hold in Japan, but observers still see many obstacles to its development there.

About Marketing

27 An unusual invitation that showed uses for recycled cardboard was a big success for an environmental group.

30 An anti-discrimination group, working with the Advertising Council, has speeded up the release of a new public-service-advertising campaign in the wake of the Los Angeles riots.

32 The American Advertising Federation has announced the winners of its National Addy Awards for public-service advertisements prepared for non-profits.

About Volunteers

13 Nine out of ten large companies have efforts to encourage their employees to do volunteer work.

13 One-fourth of all people over 55 do volunteer work for non-profits—and many more would do so if they were asked, according to a new Louis Harris survey.

12 Volunteering may lead to longer, healthier, happier lives, say two sociologists.

12 Points of Light 794 to 807 were named by the Bush Administration.

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36 **Opinion:** The Ford Foundation's Janet Maughan on the Earth Summit, Craig Kennedy on how philanthropy can help the nation's cities, and Waldemar A. Nielsen on what American foundations can learn from Toyota.

36 **Letters** on divisive tax proposals and charitable giving, misinformed bashing of United Way, and openness at the Council on Foundations.

26 **Reading List:** Books on recruiting and managing volunteers.

Corrections

▶ An article on the Ford Foundation (May 5) incorrectly described the role of the Foundation Center in a survey on the effectiveness of grant makers. The Foundation Center did not select the foundations that participated in the survey; it only supplied mailing labels to the Foundation Project, which is conducting the survey.

▶ An article on a survey by the Foundation Center on arts grants making (June 2) omitted the plans of company-sponsored foundations; 55 per cent of those foundations plan to keep giving as much to the arts over the next five years as they do now; 40 per cent plan to decrease spending; and 5 per cent anticipate an increase. Figures for corporate grant makers cited in the article were for direct corporate-giving programs only.

▶ An article on the growing role of women in philanthropy (June 16) inaccurately described the Trustees' Council of Penn Women. It represents women affiliated with the University of Pennsylvania.

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92% of Big Companies Encourage Volunteer Efforts, Survey Finds

By JENNIFER MOORE

CHICAGO

Conference Notebook

Ninety-two per cent of the nation's largest companies engage in efforts to encourage their employees to volunteer, according to a survey conducted by the Points of Light Foundation and the Conference Board, a New York–based research group.

The survey, based on responses from 454 of the country's largest companies, found that such encouragement takes many forms, from offering recognition through awards or commendations to employees for volunteer service (91 per cent) to "lending" employees to help a non-profit with a specific project (68 per cent).

Leon C. Martel, senior vice-president for research at the Conference Board, presented preliminary results of the study at the national Points of Light Foundation conference held here last week. The foundation is a non-partisan, non-profit organization that was created in May 1990 in response to President Bush's call for an increase in volunteerism.

The median number of hours per month that company workers spent volunteering was five, which means half devoted more time and half less.

A full report on the findings is expected to be released in the fall.

■

Curing America's urban ills will require building "a new sense of community," an effort that must be led by managers of volunteers, said speakers at the conference.

To establish that sense of common interests, charity leaders will need to work more closely with government and corporations—and learn to embrace some "uncomfortable" positions, said Peter Goldmark, III, president of the Rockefeller Foundation.

Those include calling for an increase in taxes, according to Mr. Goldmark.

"To start preparing the future for our children rather than stealing from them as no other generation before in this country has stolen from its children, we will have to sacrifice and raise the public and private moneys to make that investment happen," he said. "And that will mean more taxes.

"We are still in enough of a stuporous, foggy hangover from the 1980's that this statement brings a shudder for many people. But I'm not running for anything and I'm not afraid to say what is as plain as the nose on the end of my face: We have already made the decision to raise taxes."

Managers of volunteers should assume an active role as community leaders to help encourage others to do more to solve social problems, said Mr. Goldmark.

"We believe it can begin with people like you," he said, "people who have made room in their lives for cooperation with their neighbors and room in their hearts for values of self-help, of sharing in the face of adversity, of reaching out to those in need."

■

Charities trying to recruit volunteers need to be sensitive to the changes taking place outside their organizations, speakers advised.

Volunteers have become more skeptical about charities and increasingly want more information about the groups they help, said Nora Silver, director of the Volunteer Project in San Francisco.

"Trust is really being brought into question," she said, referring to the highly publicized criticism of spending and hiring practices at the United Way of America. "I worry that that kind of behavior really invites people to question what we're all doing."

Said Ms. Silver: "People giving their time want to see that you're managing it, your money, and your organization well."

She recommended that organizations "be pro-active and anticipate that this is going to be an issue for folks." One conference participant said her organization sent out flyers shortly after the United Way of America controversy surfaced to invite members and volunteers to join the group's finance committee.

Non-profits also need to adjust to demographic changes, said Harold Hodgkinson, director of the Center for Demographic Policy in Washington and author of a new study paid for by the Carnegie Corporation of New York.

The racial and ethnic makeup of the population has changed dramatically in different parts of the country, and non-profits need to find new ways to recruit volunteers and match them with programs that serve pressing needs, he said.

While the recent riots in Los Angeles have brought the problems of large cities to the forefront, Mr. Hodgkinson pointed out that more volunteers are needed to help solve problems of poverty in rural areas as well. "For every inner-city kid who is hyper-poor—living at half the poverty line—there is one rural kid who is hyper-poor," he said.

Copies of his study, "A Demographic Look at Tomorrow," can be ordered by sending $12 to the Center for Demographic Policy, 1001 Connecticut Avenue, Suite 310, Washington 20036.

■

The Points of Light Foundation released a report on the initial findings of its year-long effort to examine factors that help or hinder volunteering.

The new report, "Changing the Paradigm," recommended a "broad and pervasive" change in the way non-profit staff members view volunteers. Among the characteristics that the report said were essential to successful volunteer efforts:

► Volunteer duties must be designed to help a group carry out its top priorities and mission, not simply to accomplish short-range tasks.

► The role of volunteers should be clearly articulated and openly discussed throughout the organization. Volunteers should be seen as people who have a variety of skills to bring to the organization, not as means to obtaining financial or other material resources.

► The person in charge of recruiting, training, and placing volunteers should get input from the organization's managers who run projects involving volunteers.

For free copies of the paradigm report or the preliminary results from the survey on corporate volunteerism, contact the Points of Light Foundation, Information Services Manager, 736 Jackson Place, Washington 20503; (202) 408-5162.

Corporations and Employee Volunteering

Methods Used to Encourage Workers to Volunteer	
Recognition through articles, awards, commendations, etc.	91%
Publicity about community volunteer opportunities	87
Board membership (encouraging executives and other personnel to serve on boards of non-profit organizations)	86
Company-sponsored projects involving more than one employee volunteer	83
Continuing endorsement of volunteer programs by chief executive	72
Release time	68
Lent personnel to assist non-profits with specific projects	68
Community-involvement fund (monetary grants to non-profits at which employees regularly volunteer)	63
Survey of employees about their volunteer involvement and/or interests	60
Policy statement regarding volunteer activities and personnel records, applications	35
Retiree volunteer program	26
Clearinghouse and/or skills bank	22

Obstacles to Expanding Volunteer Programs	
Lack of employee time to participate	51%
Administrative costs	35
Lack of middle-management support	28
Lack of coordination of activities and/or programs	26
Lack of written policy	24
Employee apathy	19
Lack of support by chief executive	8

Issues That are Targets of Volunteer Programs	
Education	74%
Health	47
Youth	47
Environment	41
Homelessness	41

Cost of Programs (Excluding Staff Time)	
Less than $5,000	28%
$5,000-$9,999	11
$10,000-$24,999	10
$25,000-$49,999	10
$50,000-$99,999	5
$100,000 or more	12
No response	25

Records Maintained on Programs	
Feedback from community and/or agencies served	61%
Case descriptions or anecdotal information	42
Testimonials of employees involved	39
Testimonials of employees' managers	12
Hours volunteered	34
Surveys	34
Dollar value for hours volunteered	12
Cost-benefit ratio or other return on investment measures of volunteer programs	4
Effect on employee productivity	3
Effect on employee turnover or absenteeism	1

SOURCE: Conference Board and Points of Light Foundation

13 Million People Over Age 55 Volunteer, and Many More Would Do So if Asked

By KRISTIN A. GOSS

More than one out of four people over age 55 volunteer to help non-profit organizations, and many more say they would be willing and able to do so if they were asked, according to a new survey.

Of the 52.4 million elderly people who are not in the military or in nursing homes, an estimated 13.7 million give time to charity, and 6 million more would like to, according to the survey by Louis Harris and Associates, which based its estimates on interviews with nearly 3,000 people over 55.

The survey also found that men volunteered at virtually the same rate as women—a finding the study's backers said defied common beliefs about gender roles.

The survey was sponsored by the Commonwealth Fund, a large private foundation in New York; ICF Inc., a Washington-based consulting firm; and the Gerontology Institute at the University of Massachusetts at Boston.

"The majority of Americans age 55 and over are active, vital, and in good health," said Scott A. Bass, director of the Gerontology Institute. "The value of their contribution to American society has been grossly underestimated."

Among the study's major findings:

► 25 per cent of men, and 27 per cent of women, over 55 volunteer for charities, most commonly religious groups, health-care facilities, and nursing homes.

► Those who volunteer for non-profits typically give four hours per week, but a sizable number—an estimated one million older people—contribute at least 18 hours per week. The combined efforts are equivalent to those of 1.1 million full-time workers.

► Those who are not now volunteering have the potential to contribute time equivalent to that of 500,000 full-time workers.

► In addition to organized volunteer work, many people over age 55—an estimated 30.2 million—care for their children, grandchildren, and great-grandchildren or for older friends and relatives.

► Older men are nearly as likely as older women to volunteer their time to provide such care. The survey found that 28 per cent of men, and 29 per cent of women, over 55 served as helpers to ailing family members or friends. Half of all men—and 52 per cent of women—with children or grandchildren care for their younger family members. Women typically assist for nine hours weekly and men for seven hours.

► More than nine million older Americans provide a sizable part of their household incomes to younger family members. Just over two million receive a sizable portion of their household incomes from their children or grandchildren.

► People over 75 years of age are active volunteers. The survey said that 23 per cent gave their time to charitable groups, 22 per cent care for sick or disabled people, and 19 per cent assist younger family members.

The volunteerism survey is part of the Commonwealth Fund's Americans Over 55 Work Program, an effort begun in 1988 "with the fundamental premise that people over 55 are an under-utilized resource with a tremendous productive potential," according to the fund.

Copies of the results of the survey, "The Nation's Great Unrecognized Resource: The Contributions of Americans 55+," can be obtained free from the Commonwealth Fund, Communications Office, Harkness House, 1 East 75th Street, New York 10021-2692; (212) 606-3841.

Giving in 1991 Hit $124.8-Billion, a Modest Increase Over Inflation

Continued from Page 1

per cent in constant dollars because of a drop in gifts to hospitals.

► Gifts to public-policy and advocacy groups fell after several years of steady growth.

► Groups that provide services abroad or sponsor projects on international peace and security issues had the largest increase, an inflation-adjusted 11.3 per cent.

► Arts organizations had a good year, primarily because of increased donations to museums.

► Donations to education rose a modest 2.2 per cent, adjusted for inflation.

► Gifts by individuals accounted for most of the overall increase in giving. Corporate giving lost ground to inflation and the increase in foundation grants was modest.

Significant Revisions

One reason for the big increase in overall giving was the fact that *Giving USA* has significantly revised its original estimate of giving for 1990. The original estimate was $122.6-billion, a 5.75-per-cent increase over 1989. But *Giving USA* has now slashed that estimate by $5.1-billion, and also reduced its estimate for total giving in 1989.

The effect of those changes was to reduce the 1990 increase to 4.6 per cent, just short of the inflation rate of 4.75 per cent.

Yearbook officials acknowledged that the revision in the 1990 figures was one of the largest ever made by *Giving USA*. One reason for the $5-billion change: The AAFRC trust obtained data from the Internal Revenue Service much more quickly than it had in the past, and thus was able to make immediate revisions in its initial estimates rather than adopting a series of gradual changes. Even so, the yearbook will be revised again when new data are available.

Giving USA provides only preliminary estimates of charitable gifts made in the previous year. The estimates are revised, often considerably and more than once, as data are made available from the IRS and other sources.

Giving USA's data on the principal source of charitable contributions, individuals, are derived from mathematical formulas, rather than from surveys of actual giving. The yearbook's data on the main recipient of that money, religious organizations, are derived from formulas and from survey data. Yearbook officials said they routinely review those formulas to see if improvements can be made to insure greater accuracy.

The improvement in charitable giving in 1991 apparently reflected the nation's gradual comeback from economic recession, which may indicate the beginning of a return to "a more robust philanthropic economy," said *Giving USA*.

Overall giving has outpaced inflation in all but seven of the past 30 years, the report said. The growth has been relatively slow in the last two years, after increases of 9.8 per cent in 1988 and 9.6 per cent in 1989.

Giving USA said contributions as a percentage of gross domestic product have hovered around the 2-per-cent mark for the past 30 years, generally increasing in the late 1980's and, last year, reaching the highest point since 1961—2.2 per cent.

"Thus, the amount we Americans give to philanthropy in relation to the other uses of our money has not changed significantly—for better or for worse—in over three decades," the report said.

Sources of Donations

Following are key trends in the sources of donations to non-profits:

Individuals. Donations by individuals accounted for 82.7 per cent of total gifts in 1991 and were largely responsible for the overall rise in giving, the report said. Those donations climbed to an estimated $103.1-billion, an increase of nearly 6.8 per cent, or 1.9 per cent after adjusting for inflation.

Factors that contributed to the growth in donations by individuals, according to *Giving USA*:

► A strong performance by the stock market in November and December of 1991, compared with the same months of the previous year. The report noted that many people postpone making contributions, especially large gifts, until year's end, when they can assess the annual performance of their investments.

► The number of people between the ages of 35 and 64, the prime period for charitable giving, increased at nearly three times as fast in 1991 as in 1990. Americans in this age group give more and spend more than other people, the report said. "The more affluent they are, the more they spend and the more they contribute to tax-exempt organizations," the report said. "Many other factors contribute to consumerism and voluntary giving, but these variables exert the strongest influence."

► A continuing increase in personal income. However, the report noted the 1991 rate of increase, 3.3 per cent, was lower than the rate of 6.8 per cent registered in 1990.

In terms of individual gifts, "1991 was a vastly different—better—year from the point of view of philanthropy" than 1990, the report said.

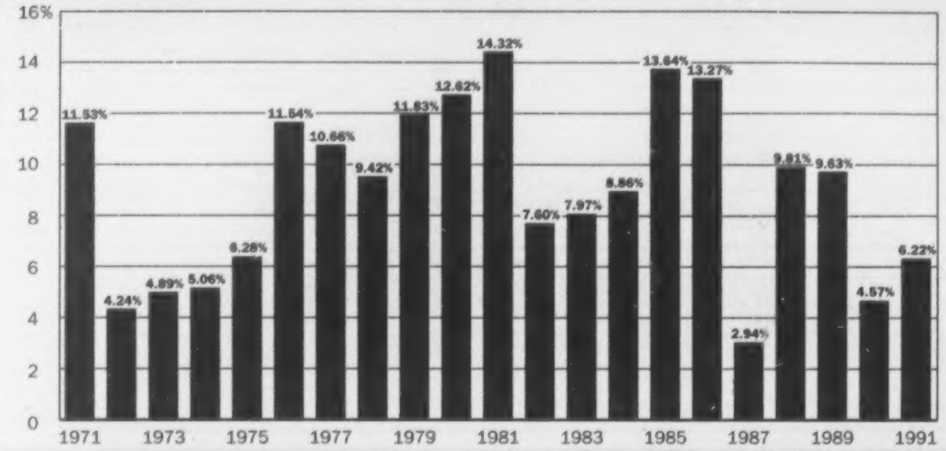
Corporations. Donations from companies totaled an estimated $6.1-billion, according to *Giving USA*, an increase of nearly 1.7 per cent that did not keep pace with inflation.

The report said corporate profits declined in 1991, and assets of corporate foundations had grown only slightly in the previous year. Those are two key factors that influence corporate donations.

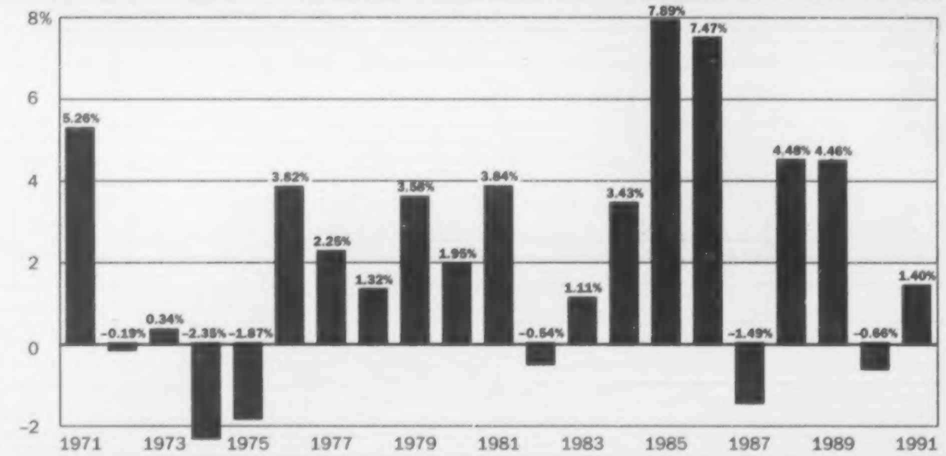
"Despite the leveling of corporate giving, in relation to their income corporations gave more generously than in the past few years, and corporate foundations have been drawing on their assets more and more to maintain giving levels," the report said. "The current level of corporate giving reflects the financial health of the corporate sector more than it reflects

20-Year Trends in Philanthropic Giving

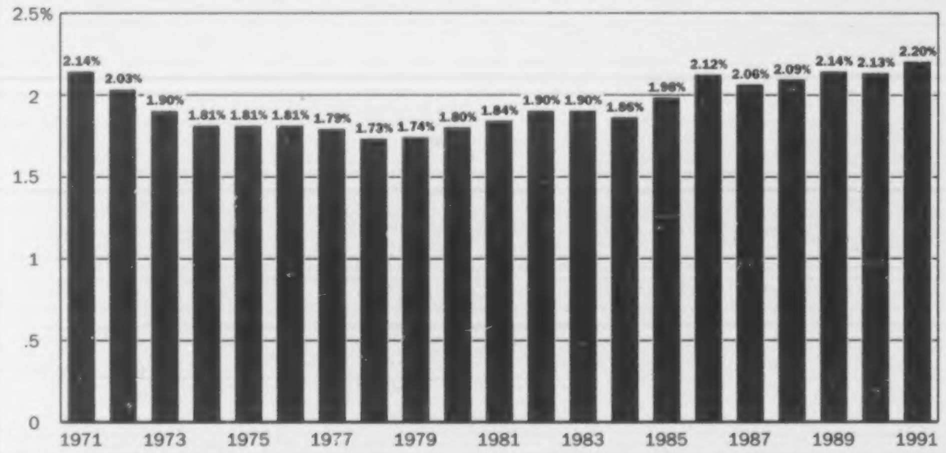
Annual Percentage Changes in Current Dollars



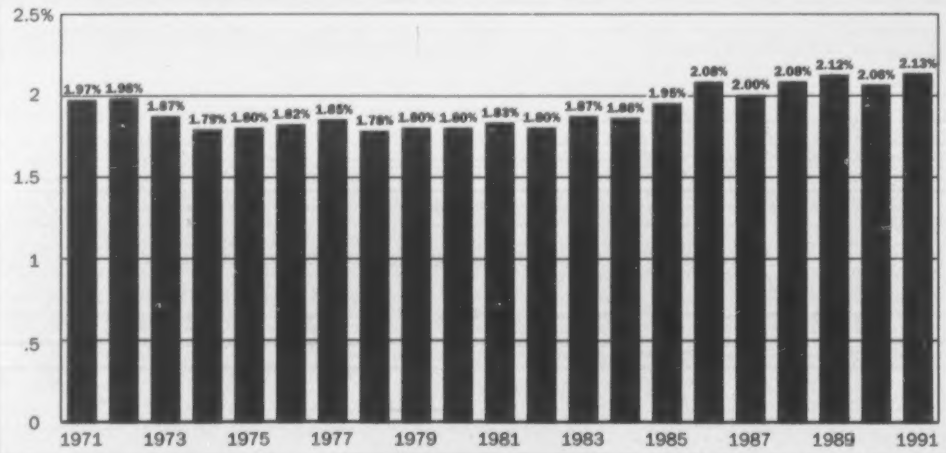
Annual Percentage Changes Adjusted for Inflation



Giving as a Percentage of Gross Domestic Product



Individual Giving as a Percentage of Personal Income



Sources of Donations

(In billions of dollars)

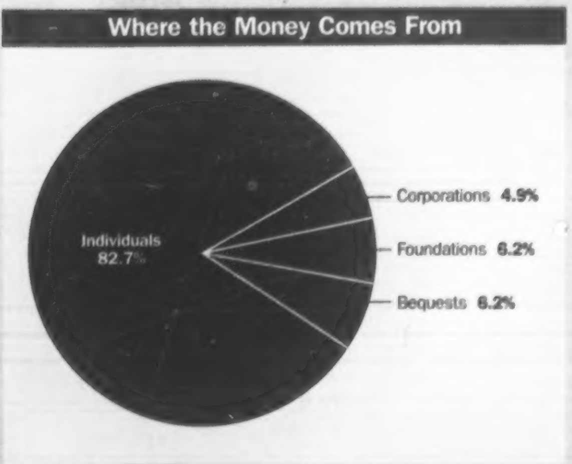
	Individuals		Bequests		Foundations		Corporations		Total giving	
	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars
1971	$17.64	$63.46	$3.00	$10.79	$1.95	$7.02	$0.87	$3.11	$23.46	$84.38
1972	19.37	66.72	2.10	7.23	2.00	6.89	0.98	3.38	24.45	84.23
1973	20.53	67.67	2.00	6.59	2.00	6.59	1.11	3.67	25.65	84.52
1974	21.60	66.16	2.07	6.34	2.11	6.46	1.16	3.56	26.94	82.53
1975	23.53	66.54	2.23	6.31	1.65	4.67	1.23	3.47	28.64	80.98
1976	26.32	69.28	2.30	6.05	1.90	5.00	1.42	3.74	31.94	84.07
1977	29.55	71.87	2.12	5.16	2.00	4.86	1.68	4.08	35.35	85.96
1978	32.10	72.28	2.60	5.85	2.17	4.89	1.81	4.07	38.68	87.09
1979	36.59	76.32	2.23	4.65	2.24	4.67	2.19	4.57	43.25	90.21
1980	40.71	76.87	2.86	5.40	2.81	5.31	2.33	4.40	48.71	91.98
1981	46.42	79.61	3.58	6.14	3.07	5.27	2.61	4.48	55.68	95.50
1982	48.52	76.92	5.21	8.26	3.16	5.01	3.03	4.80	59.92	94.99
1983	53.54	79.49	3.88	5.76	3.60	5.35	3.67	5.45	64.69	96.05
1984	58.50	82.52	4.04	5.70	3.95	5.57	3.93	5.55	70.42	99.34
1985	65.93	88.29	4.77	6.39	4.90	6.56	4.43	5.93	80.03	107.18
1986	74.59	94.78	5.70	7.24	5.43	6.90	4.93	6.27	90.65	115.19
1987	75.92	92.32	6.58	8.00	5.88	7.15	4.94	6.00	93.32	113.47
1988	84.70	98.00	6.57	7.60	6.15	7.12	5.05	5.85	102.47	118.56
1989	93.02	102.55	6.97	7.68	6.55	7.22	5.80	6.39	112.34	123.85
1990	96.60	101.18	7.64	8.00	7.23	7.57	6.00	6.28	117.47	123.03
1991	103.13	103.13	7.78	7.78	7.76	7.76	6.10	6.10	124.77	124.77

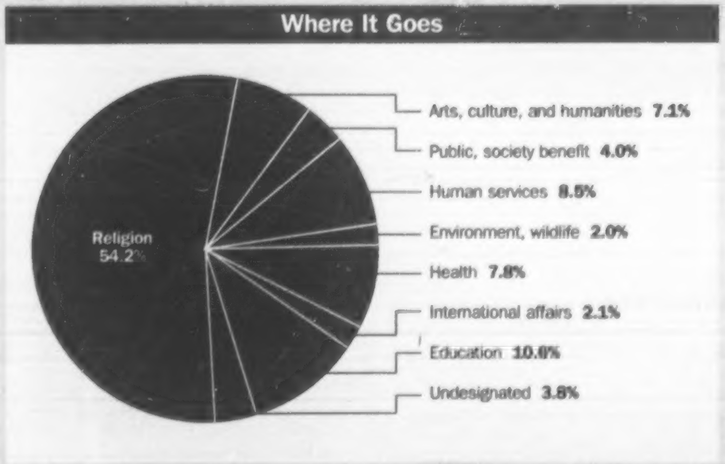
Uses of Donations

(In billions of dollars)

	Religion		Education		Health		Human services		Arts		Public and social benefit	
	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars
1971	$10.07	$36.22	$2.75	$9.89	$2.61	$9.39	$3.01	$10.83	$1.01	$3.63	$0.68	$2.46
1972	10.10	34.83	2.98	10.28	2.80	9.66	3.16	10.90	1.10	3.79	0.82	2.83
1973	10.53	34.75	3.10	10.23	3.10	10.23	3.07	10.13	1.26	4.16	0.62	2.05
1974	11.84	36.32	3.05	9.36	3.37	10.34	3.02	9.26	1.20	3.68	0.67	2.06
1975	12.81	36.19	2.83	7.99	3.61	10.20	2.94	8.31	1.56	4.41	0.79	2.23
1976	14.18	37.32	3.28	8.63	3.92	10.32	3.02	7.95	2.27	5.97	1.03	2.71
1977	16.98	41.31	3.62	8.81	4.09	9.95	3.57	8.69	2.32	5.64	1.22	2.97
1978	18.35	41.33	4.11	9.26	4.52	10.18	3.87	8.72	2.40	5.41	1.08	2.43
1979	20.17	42.11	4.54	9.48	4.94	10.31	4.48	9.35	2.73	5.70	1.23	2.57
1980	22.23	41.94	4.96	9.36	5.34	10.08	4.91	9.26	3.15	5.94	1.46	2.75
1981	25.05	42.97	5.77	9.90	5.79	9.93	5.62	9.64	3.66	6.28	1.79	3.07
1982	28.06	44.47	6.00	9.51	6.15	9.75	6.33	10.03	4.96	7.86	1.68	2.66
1983	31.84	47.24	6.65	9.87	6.68	9.91	7.16	10.62	4.21	6.25	1.89	2.80
1984	35.55	50.14	7.29	10.28	6.84	9.65	7.88	11.11	4.50	6.35	1.94	2.74
1985	38.21	51.15	8.17	10.94	7.72	10.33	8.50	11.38	5.08	6.80	2.22	2.97
1986	41.68	52.96	9.39	11.93	8.44	10.72	9.13	11.60	5.83	7.41	2.45	3.11
1987	48.72	59.27	9.84	11.97	9.22	11.22	9.84	11.97	6.31	7.68	2.87	3.49
1988	55.59	64.34	10.23	11.84	9.58	11.09	10.49	12.14	6.79	7.86	3.21	3.72
1989	62.48	68.89	10.95	12.07	9.93	10.94	11.39	12.56	7.50	8.27	3.84	4.23
1990	63.31	66.30	12.41	12.99	9.90	10.37	11.82	12.38	7.89	8.26	4.92	5.15
1991	67.59	67.59	13.28	13.28	9.66	9.68	10.61	10.61	8.81	8.81	4.93	4.93

Giving in 1991


Where the Money Comes From


Where It Goes

SOURCE: Giving USA

CHRONICLE CHART BY [illegible]

company attitudes about philanthropy."

Foundations. Private grant makers increased their giving to nearly $7.8-billion in 1991. That was a gain of 7.3 per cent, or 2.5 per cent adjusted for inflation.

"The increase was modest partly because of the fact that assets were relatively low at the time 1991 grants were being appropriated," the report said.

The value of assets of private and community foundations dropped by 2.8 percent in 1990, the survey said, but rose by an estimated 18 per cent in 1991.

The low asset value at the beginning of 1991 "no doubt contributed to the magnitude of the growth [in contributions], but improvement in the stock market also provided fuel for the increase," the report said. The rise in value of assets last year "bodes well for 1992 foundation giving," it added.

Giving by foundations represented about 6.2 per cent of total giving in 1991, the survey found.

Bequests. The amount non-profits received from bequests grew only slightly in 1991, to an estimated $7.8-billion, a rise of about 1.8 per cent that did not keep pace with inflation.

Giving by bequests was about 6.2 per cent of total giving in 1991, about the same share provided by foundations.

Where Donations Went

Here is how specific types of non-profit organizations fared last year:

Religion. Giving to churches, synagogues, and other religious organizations totaled $67.6-billion—an increase of almost $4.3-billion, or 6.8 per cent. After adjusting for inflation, the growth amounted to nearly 2 per cent. Gifts to religion come primarily from individuals, and growth in that category closely paralleled growth in individual giving.

Giving to religion accounted for 54.2 per cent of total giving in 1991, about the same proportion religion received in the previous year.

Human services. For the second consecutive year, gifts to non-profit groups that provide human services did not keep up with inflation.

Donations to those groups totaled an estimated $10.6-billion, a drop of $1.2-billion, or 10.2 per cent. The decline amounted to more than 14 per cent in constant dollars.

Taking inflation into account, "giving to human-service groups in 1991 was equal to the level of giving in 1983 and lower than in every year thereafter," the report said.

"The decline in giving coincided with an increase in demand for human services and a decline in government funding for them," the report noted.

Giving USA noted that speculation about the cause of the decline varied among researchers and observers of non-profits. It said possible reasons included:

► Donors may have shifted contributions to programs focused on early-childhood, elementary, and secondary education, believing those programs may alleviate the need for human-services programs later on.

► Some donors may have decid-

Continued on Page 22

Contributions Reached $124.8-Billion in 1991, a 'Modest' Rise Above Inflation

Continued from Page 21

ed to give to religious organizations that provide human services. Others, viewing human services as a global need, may have sent contributions to international relief organizations.

► Donors in the "prime giving age range"—those between 35 and 64—may have been more concerned about other causes, such as the environment.

Giving USA said donations to human-services groups amounted to 8.5 per cent of total giving in 1991.

That share has been shrinking: It was about 10 per cent in 1990 and more than 11 per cent in 1983.

Health. Giving to the nation's non-profit hospitals and health charities totaled an estimated $9.7-billion. That represented a decline of about $220-million, or 2.2 per cent—about 6.6 per cent after accounting for inflation.

Giving USA said, however, that its single estimate of giving to health groups did not tell the whole story about those kinds of gifts.

Health organizations other than hospitals experienced an increase in contributions that nearly kept pace with inflation. Such groups saw donations increase by 4.4 per cent, while gifts to hospitals were down 5.5 per cent.

And the decline in donations to hospitals was not uniform: Grants from corporations and foundations declined 20 per cent but giving by individuals increased 11 per cent.

"Community hospitals fared better than other hospitals because they derive relatively more of their income from individual gifts than do other types of hospitals," the report said.

Among the factors that may have contributed to the decline in giving to health groups, a trend seen since 1988, was the rising cost of health care and health insurance, *Giving USA* said.

"It has been suggested, but not proven, that as Americans shoulder more and more of their own health-care costs, they are less likely to give voluntarily to hospitals because they may not perceive them to be in need of funds," the report said.

Corporate managers, who must allocate increasing portions of their annual budgets to employee health insurance, "may share that perception, and this would affect corporate giving to health," the report said.

In addition, some foundations that contribute to health may have shifted their donations from hospitals and universities that do research to organizations involved in lobbying government to make changes in the nation's health-care system.

Arts and humanities. Contributions to arts organizations rose considerably, and reached their highest level ever: $8.8-billion. That was an increase of nearly $1-billion, or 11.6 per cent, and translated to a 6.6-per-cent rate of growth in constant dollars.

The gain in 1991 was unevenly distributed, according to *Giving USA*.

Donations to dance organizations declined significantly, but contributions to operas and symphony orchestras did better than inflation.

Donations to non-profit theaters and public broadcasting kept pace with inflation.

Giving USA said most of the increase in arts donations could be attributed to a rise in donations to art museums of more than 30 per cent, fueled by anticipated changes in tax laws involving gifts of appreciated property.

In 1990, Congress voted to allow many wealthy people to deduct the full fair market value of charitable gifts of art, manuscripts, and other forms of tangible personal property from their 1991 income taxes.

The window applied to donors who are subject to the alternative minimum tax, which was created to insure that people who claim large deductions do not avoid taxes altogether.

Giving USA said that donors anticipated that the window would be closed at the end of 1991, and rushed to complete gifts before the new year. However, Congress eventually extended the break until June 30, 1992, and has been considering another extension.

Education. Giving to the nation's schools, universities, libraries, research institutions, and other educational facilities grew by 7 per cent in 1991, to about $13.3-billion. In inflation-adjusted dollars, the gain was almost 2.2 per cent.

Giving USA noted that the Council for Aid to Education had reported that giving to higher education during the 12 months ending June 30, 1991, did not keep pace with inflation but said that picture changed in the second half of the calendar year.

"The stock-market performance at the end of calendar 1991 boosted giving, as did the easing of the recession," the report said.

"The gain for education in the calendar year probably reflects modest gains in the first half of the year and stronger gains in the second half."

Gifts to education represented 10.6 per cent of total giving in 1991, approximately the same proportion as in the previous year.

Advocacy and public policy. Giving to organizations involved with policy research and advocacy on a broad spectrum of social issues, including civil liberties and rural development, increased by only about $10-million in 1991, totaling $4.93-billion. That represented an increase of 0.2 per cent over the previous year. Donations declined by 4.3 per cent in constant dollars.

> **"No estimate aptly summarizes this unusual year that started in a recession and ended with dramatic stock-market growth."**

Prior to 1991, giving to public-policy groups had been growing significantly, the report said.

"What we have observed in 1991 may represent the typical leveling after a period of fast growth," the report said, "rather than the beginning of a longer decline."

Environment. Non-profit organizations active in environmental protection and wildlife conservation received an estimated $2.5-billion in 1991, an increase of about $250-million, or 10.7 per cent. Adjusted for inflation, the growth was nearly 5.8 per cent.

The report noted that while donations to environmental groups have been increasing since *Giving USA* began keeping track of them separately in 1987, contributions to these groups accounted for about 2 per cent of overall annual giving.

"Some of the growth in the sector may in fact be due to the creation of more organizations," the report said. "Several large groups have reported that the growth of the past few years has already begun to level off. Some have laid off staff and cut other positions by attrition. This may be typical after a period of dramatic growth."

International. Non-profit organizations that provide most of their services outside the United States, or that sponsor projects on international peace and security issues, received $2.6-billion in private donations, an increase of more than 16 per cent. In constant dollars, the gain in giving among international groups was 11.3 per cent.

The report said the 1991 increase marked the second year of strong growth in contributions after a two-year period of decline.

A number of international events could have spurred this growth, the report said, including the Persian Gulf war and the breakup of the the Soviet Union.

However, *Giving USA* said, the increase may simply be the result of contributors' heightened interest in solving global problems.

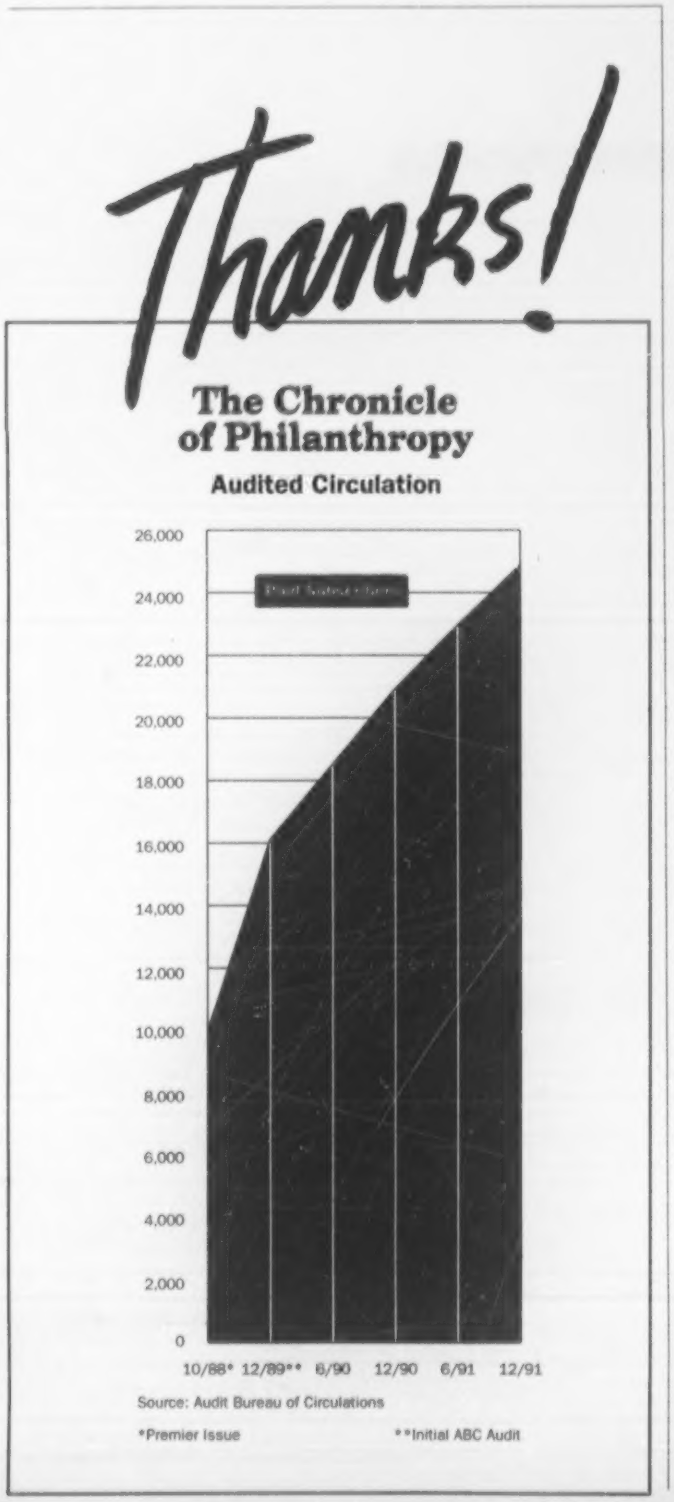
"As the world economy becomes more unified, and as people increasingly view compelling problems that affect them as international in stature, they will give more to organizations which speak to this concern," the report said.

Sources of Data

The AAFRC Trust for Philanthropy, which prepares *Giving USA*, is the research arm of the American Association of Fund-Raising Counsel, an organization of major consulting firms.

In addition to the formulas used to estimate religious and individual giving, *Giving USA* is based on reports from the Association for Healthcare Philanthropy, the Conference Board, the Council for Aid to Education, the Foundation Center, Independent Sector, United Way of America, Yale University's Program on Non-Profit Organizations, national organizations of arts groups, and the AAFRC trust's own surveys of advocacy, environmental, health, and international groups.

Copies of the 1992 edition of *Giving USA* will be available in August from the AAFRC Trust for Philanthropy, 25 West 43rd Street, New York 10036. The cost is $45, prepaid.


Thanks!

The Chronicle of Philanthropy
Audited Circulation

Source: Audit Bureau of Circulations

*Premier Issue **Initial ABC Audit

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Bellarmine College (Ky.)	May 1989	May 1994	$20,000,000	$19,100,000
Hudson Institute (Ind.)	June 1992	June 1997	11,000,000	2,900,000
Institute of American Indian Arts (N.M.)	June 1992	Dec. 1993	4,900,000	4,000,000
Iowa State U.	June 1988	June 1993	185,000,000	150,005,493
Linfield College (Ore.)	Jan. 1986	June 1992	34,000,000	38,500,000
North Hawaii Community Hospital	April 1992	' Open	25,000,000	19,100,000
Tufts U. (Mass.)	July 1987	June 1992	250,000,000	250,000,000

MANAGING

Governance and Regulation

Orchestras' Battle Against Rising Costs

While donations and ticket sales have increased since the 1970's, soaring operating expenses have caused unprecedented deficits

By VINCE STEHLE

WASHINGTON

DESPITE SHARP INCREASES in contributions and the number of concertgoers, the financial condition of symphony orchestras has deteriorated badly over the last 25 years, according to a new report by the American Symphony Orchestra League.

While orchestra revenues have increased by nearly 700 per cent, from $85-million in 1971 to $676-million last year, expenses—mainly for salaries—have grown even faster, from $88-million to $699-million. As a result, orchestras had a combined deficit of $23-million last year, which was more than seven times the combined deficit in 1971, according to the report.

The depth and persistence of orchestra deficits prompted the report's author, Thomas Wolf, to ask: "How long can an industry spend more than it takes in?"

The study was based on data from 254 of the country's largest orchestras.

In some respects, the last two decades have been boom years for orchestras: From 1970 to 1990, orchestra fund-raising totals climbed from $25-million to $202-million. Even after accounting for inflation, gifts rose 139 per cent. While the growth rate has slowed in recent years, donations to orchestras still rose from $154-million in 1986 to $223-million in 1991, a 20-per-cent increase after inflation.

Big Growth for Endowments

During the same period, orchestra endowments swelled from $512-million to $877-million, a 38-per-cent growth rate after inflation.

The amount orchestras earned through ticket sales and other activities increased modestly as a percentage of total orchestra revenues over the last five years.

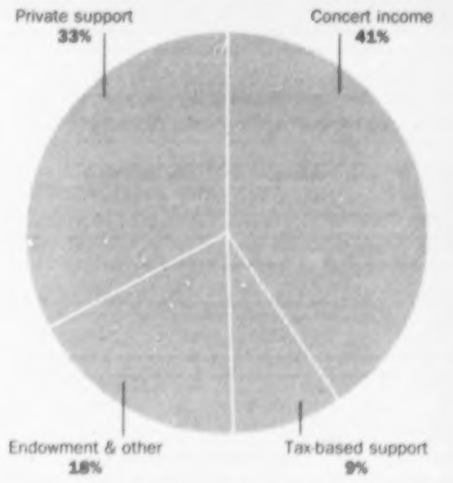
Concert revenues rose from $185-million in 1986 to $274-million in 1991, reflecting a 20-per-cent increase, adjusting for inflation.

That rise came from both an increase in the number of concert performances and a significant expansion in ticket buyers. From 1971 to 1991, the number of concerts grew from 13,000 to 18,100, a 39-per-cent increase, and attendance grew from 17.5 million to 26.7

Continued on Page 30

Symphony Orchestras: a Financial Profile

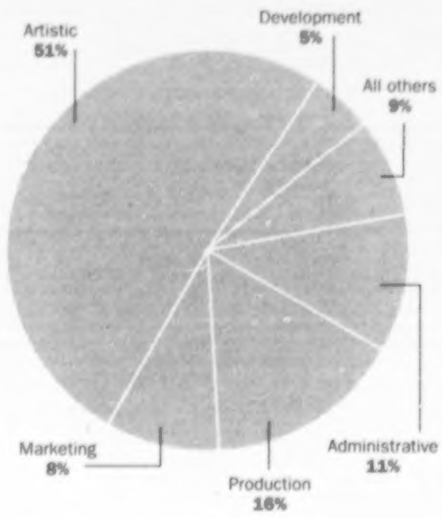
1991 Revenue



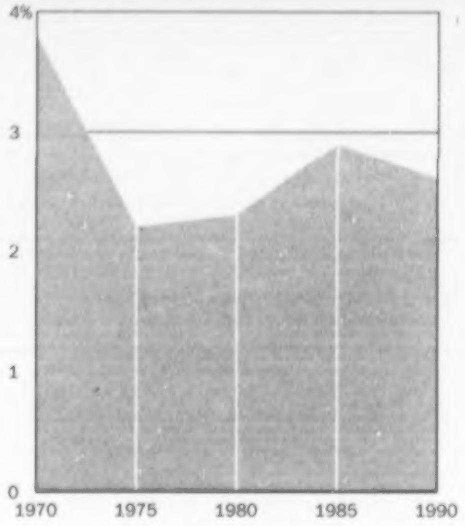
Note: Figures do not add to 100 per cent due to rounding.

NATIONAL SYMPHONY ORCHESTRA

1991 Expenses



Orchestras' Share of Arts Donations



	1986	1991	Percentage change Current dollars	Percentage change Constant dollars	Projections 1996	Projections 2000
Revenue:						
Concert income	$184,500,000	$274,000,000	+ 48.5%	+19.5%	$342,900,000	$408,000,000
Government	49,000,000	58,300,000	+ 19.0	– 4.3	64,600,000	71,600,000
Private donations	153,800,000	222,900,000	+ 44.9	+16.6	263,500,000	307,400,000
Other	96,600,000	120,500,000	+ 24.7	+ 0.4	143,200,000	159,500,000
Total revenue	483,900,000	675,700,000	+ 39.6	+12.4	814,200,000	946,500,000
Expenses:						
Artistic personnel	253,400,000	355,800,000	+ 40.4	+13.0	433,000,000	507,900,000
Concert production	71,400,000	110,300,000	+ 54.5	+24.3	141,800,000	170,600,000
General & administrative	56,200,000	75,600,000	+ 34.5	+ 8.2	90,300,000	104,800,000
Promotions	36,600,000	57,300,000	+ 56.6	+26.0	73,400,000	88,900,000
Fund raising	24,200,000	36,700,000	+ 51.7	+22.0	46,700,000	56,600,000
Total expenses	493,900,000	698,900,000	+ 41.5	+13.9	860,000,000	1,010,600,000
Surplus or deficit	**–$10,000,000**	**–$23,200,000**	**+132.0%**	**+86.7%**	**–$45,700,000**	**–$64,100,000**
Endowments	**$512,200,000**	**$876,300,000**	**+ 71.1%**	**+37.7%**	**$1,166,200,000**	**$1,431,800,000**
End-of-year balance	**$611,200,000**	**$976,200,000**	**+ 59.7%**	**+28.5%**	**$1,287,700,000**	**$1,567,600,000**

SOURCE: American Symphony Orchestra League

CHRONICLE CHART BY JOJO GRAGASIN

New Public-Service-Advertising Campaign Battles Intolerance

Here's one time it doesn't matter who your neighbor is.

Here's the other.

Life's too short
STOP THE HATE.
Leadership Conference Education Fund, Inc.

Life's too short. Stop the hate.

After the Los Angeles riots, the Leadership Conference Education Fund of Washington hurried up the production of television spots for its drive that seeks to combat bigotry by encouraging people to talk openly about intolerance.

An anti-discrimination group hopes to make use of a new sensitivity to racism in the wake of the Los Angeles riots.

The Leadership Conference Education Fund, a Washington-based research group, has been working with the Advertising Council for months on plans for a 10-year public-service campaign intended to fight intolerance. It planned to start the campaign in the fall, but when the violence in Los Angeles erupted in April, the campaign planners decided that the public-service spots should be released as soon as possible.

The riots "underscore the urgency of a public-education plan to remind Americans that we can and must get along with each other in our workplaces, our communities, our schools, and our entire society," said Ruth Wooden, president of the Advertising Council.

$25-Million in Time and Space

The PSA's for radio and television, as well as print advertisements in both Spanish and English, were created by the Mingo Group, a New York advertising firm owned and managed by blacks. The Ad Council estimates that the broadcast and print ads will receive about $25-million worth of donated time and space over the next year.

The 20- and 30-second television broadcasts open with a shot of a hospital nursery containing infants of different races lying in rows of cribs. "Here's one time it doesn't matter who your neighbor is," says the voice-over. "Here's the other," it continues, as a cemetery filled with graves flashes on the screen. The tag line in the final shot, which fills the screen, reads: "Life's too short. Stop the hate."

The 30-second spots include flashing scenes of racial violence, such as burning crosses, between the crib and graveyard scenes.

The PSA's are the initial phase in the education fund's Campaign Against Discrimination, which will try to persuade people to face the realities of discrimination and encourage them to talk openly about it, said Ralph Neas, executive director of the fund. Ms. Wooden argues that the psychology involved in fighting racism is similar to that used to end alcoholism and drug abuse: Recovery can only begin after people admit openly that there is a problem.

Mr. Neas said he hoped that the campaign would urge Americans to take a variety of steps to fight racism and other forms of discrimination, including making friends from different backgrounds and "refusing to tell or tolerate ethnic or sexist jokes." —HOLLY HALL

Symphony Orchestras Fight Losing Battle Against Rising Expenses

Continued from Page 29

million. The number of people attending each performance rose from 1,160 in 1971 to 1,480 in 1991, on average.

Even with those positive signs, the report painted a bleak picture for orchestras. Although more people went to concerts, the average cost of presenting such events has risen from $5 per concertgoer in 1971 to $26.17 in 1991.

And while private donations have risen steadily, it has become more difficult for orchestras to raise money. The cost of fund raising jumped 57 per cent over the last five years, largely because orchestras have had to intensify their appeals for donations in the face of increasing competition for contributions from other groups. In 1970, orchestras received 3.8 per cent of all private support for arts and cultural groups, but by 1990 their share had fallen to 2.6 per cent.

Over all, increases in expenses have outpaced the growth in orchestra income, though some costs have escalated faster than others. The bulk of the growth in orchestra budgets has gone to pay musicians and conductors. Those expenses grew by $102-million over the last five years, from $253.4-million in 1986 to $355.8-million in 1991, representing a 40-per-cent increase.

The sobering figures mean that orchestras need to re-evaluate the way they do business, according to Mr. Wolf, president of the Wolf Organization Inc., which conducted the study for the league. Mr. Wolf said orchestra managers should reconsider some of the following practices:

► Maintaining large ensembles of 90 to 100 musicians in cities and towns that may not be willing or able to sustain such large orchestras.

► Performing in one venue at a downtown location, when many potential concertgoers may prefer suburban concert halls.

► Playing too many concerts, based on the desires of musicians who want contracts with numerous performances, instead of determining how many concerts potential ticket buyers really want.

► Continuing to operate what he characterized as all-white, socially elite institutions that do not reflect the diversity of society at large.

Committee to Study Problems

To grapple with the challenges facing orchestras, the symphony association has established a committee of musicians, symphony executives, and trustees to develop recommendations for change. The committee, which is being financed by a $200,000 grant from the Pew Charitable Trusts, is expected to make its suggestions in a report to be issued next year.

The report, "The Financial Condition of Symphony Orchestras," is in three volumes: "Part I—The Orchestra Industry," "Part II—Specific Orchestra Group Profiles and Trends," and "Part III—Data Tables." Copies are available for $15 per volume from the American Symphony Orchestra League, 777 14th Street, N.W., Suite 500, Washington 20005; (202) 628-0099.

IN BRIEF: Managing

75 Workers Leave United Way of America

Seventy-five United Way of America staff members have volunteered to resign, thus reducing the 1993 budget at the financially pressed non-profit by at least $5-million.

United Way offered employees who agreed to resign by July 1 a special bonus: two months' extra severance pay. The United Way staff will consist of 185 people after the resignations take effect.

Kenneth W. Dam, interim president of the Alexandria, Va.–based national organization, said last week that it was too early to tell whether additional measures, such as firings or shortened work weeks, would be needed to bring down expenses.

United Way of America has been cutting expenses in the face of drastically reduced dues payments by its members. Last month, for example, United Way received dues of $1.09-million, roughly half its $2-million monthly expenses.

Scores of local United Ways withheld dues payments following news reports last winter about the spending and management practices at the organization.

In a separate budget-tightening move, 10 senior vice-presidents at United Way of America last week volunteered to take a 10-per-cent cut in pay.

Quayle Backs Scouts Over Ban on Homosexuals

The Boy Scouts of America has gained a high-level ally in its controversial ban on gay members: Vice President Dan Quayle.

In a speech to the National Sheriffs' Association in San Diego, Mr. Quayle criticized Levi Strauss & Company and other businesses for their recent decisions to cease annual contributions to the Scouts because of the group's membership policies, which bar not only homosexuals but also children who will not pledge their duty to God.

"I say, Let us stand up for the values of the Boy Scouts of America," said Mr. Quayle.

The Scouts refuse to admit acknowledged gays because the group contends they do not meet its requirement that members be "morally straight" and "clean." In addition to Levi Strauss, Wells Fargo Bank, BankAmerica Corporation, and United Way of the Bay Area have withdrawn general support for the Boy Scouts because of the membership standards.

Political Changes Said to Benefit Non-Profits

By HOLLY HALL

DALLAS

In a year in which political novices seem to be enormously popular with the public, non-profits —which have traditionally been viewed as outsiders by business leaders and government officials— stand to gain far more attention than ever, says Marie Wilson, president of the Ms. Foundation.

While non-profits have often been called on to provide expertise on particular social problems, she predicted that government and business leaders would now ask them to share their methods for making decisions, creating programs, and bringing disparate groups together.

In a speech to the Nonprofit Management Association's annual meeting here, Ms. Wilson said that the big question is whether non-profits will be prepared to take advantage of their new potential to influence society. Non-profit officials, she said, have typically considered themselves to be outsiders in politics, business, and other mainstream power arenas and therefore may find it difficult to get accustomed to requests that they become insiders.

Ms. Wilson urged charity executives to think hard about how they should respond to a new political era. The interest in Ross Perot as a Presidential candidate and the large number of women who are running for key Senate posts are indications of a "populist uprising not seen since the 1970's" after the Watergate scandal, she said.

She said that as more outsiders gain elective office, they are more likely to call on non-profits, which have survived by doing precisely what many voters are demanding: "constructing organizations and programs that work, reality-based and grounded in the lives of community people."

> **"As outsiders often missing the traditional routes to power, we have had to learn to bring people along differently."**

Among the assets non-profit leaders have that political and corporate leaders might want to tap:

► Unlike most corporate executives, the people who run non-profits have to be both managers and leaders, said Ms. Wilson. Few have the option to be one or the other "because the bottom lines of non-profits measure both," she added.

"If you don't think this combination of art and technique are special," she added, "look at the number of college presidents who have

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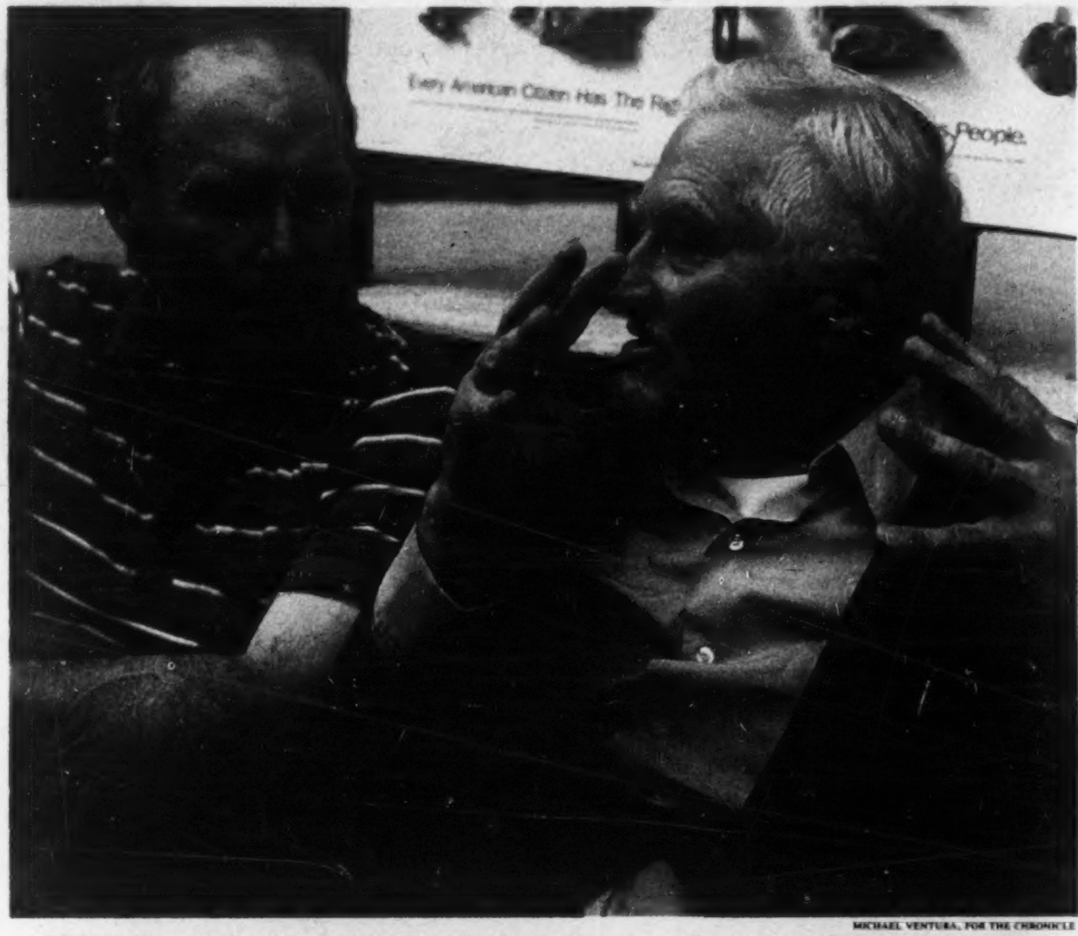
SEEKING NEW WAYS TO REFORM ELECTIONS

Amid voter disgust, foundations are backing efforts to increase the public's interest in politics and reduce money's influence



MICHAEL VENTURA, FOR THE CHRONICLE

Michael Stoops (left), of the National Coalition for the Homeless, talks to a homeless man about registering to vote. The group's voter-registration effort has found it hard to attract foundation support. Story on Page 14.

By KRISTIN A. GOSS

AS THE NOVEMBER ELECTION approaches, a small but growing number of non-profits and foundations are turning their attention to a troubling question: Is American democracy broken?

Amid seemingly unprecedented voter apathy and cynicism, non-profits and their foundation backers are emerging as key players in a burgeoning movement to overhaul the electoral process.

Among the new ways in which non-profits and foundations are encouraging what some activists are calling a "pro-democracy" movement:

► Illuminating the connection between large campaign contributions and the behavior of elected officials.

► Trying to bring greater substance to political races by, among other things, helping the press improve its coverage and calling attention to negative campaigning.

► Exploring ways to make political races more competitive.

For non-profits and foundations that have traditionally worked to increase citizen participation in politics, such efforts mark a dramatic shift in strategy. In past elections, foundations have generously financed voter-registration drives. But those efforts have failed to increase the voter turnout significantly, and mounting evidence indicates that average citizens do not feel that their votes matter much anymore.

The focus now is on creating an atmosphere in which people will want to participate in elections.

Grant makers' broadening view of electoral issues was underscored this spring, when the Funders Committee on Voter Registration and Education, a network formed nine years ago, changed its name to the Funders Committee on Citizen Participation.

Efforts to Register Students and the Homeless

That is not to say that non-profits and foundations have abandoned voter registration entirely.

Several efforts have developed since the last Presidential election to register students, minority-group members, and homeless people, among others. After President Bush's veto this month of a "motor voter" bill that would have required states to register people when they obtained a driver's license, welfare payment, or other state services, non-profit voter-registration efforts are sure to continue.

Still, some voter-registration groups are facing financial woes that have led them to reduce their staffs or undertake projects based in part on whether they are popular with foundations this year. (See story on Page 14.)

The number of foundations working on election-related issues is relatively small, as is the amount they give.

In anticipation of this year's elections, a dozen of

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Big Gift to a Public College

Henry Rowan (*right*) is giving $100-million to Glassboro State College in New Jersey—one of the two or three largest gifts ever made to a college or university, public or private. Story on Page 7.

Tax Breaks Gain in Congress

Congress is moving to expand tax breaks for wealthy people who make donations of artwork, real estate, and other items that have grown in value. Story on Page 25.

Changes at United Way

United Way of America has made major changes in its structure and practices to try to counteract recent criticism. Most local United Ways said they were pleased by the actions but are still worried about their fall drives. Story on Page 33.

ADDISON GEARY, FOR THE CHRONICLE

A complete guide to this issue appears on Page 3.

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A guide for the busy reader

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25 Congress is moving to expand tax breaks for wealthy people who make donations of artwork, real estate, and other items that have grown in value.

25 The House of Representatives has voted to cut $282-million in subsidies for non-profit mail, but lawmakers say they don't want rates to go up.

26 The Council for Advancement and Support of Education has ambitious new plans to increase the supply—and improve the quality—of fund raisers.

27 The Internal Revenue Service says that the Watson and Hughey fund-raising company appears to have orchestrated a publicity campaign that provoked unfounded alarm among charities.

28 The Supreme Court upheld a ban on soliciting charitable donations in New York airports.

37 Salaries for hospital fund raisers rose 8.2 per cent last year.

30 Finding the right mailing lists and testing them well are keys to effective direct-mail fund raising (The Basics).

31 A mailing by the Atlanta Ballet used testimonials from balletgoers to increase subscription sales (Direct Mail).

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18 Leaders of community-service programs in 14 countries are calling for increased efforts to involve young people in volunteer activities.

30 The Gap clothing company is matching its employees' volunteer hours in a way similar to that in which it matches cash donations (Ideas).

18 Points of Light 808 to 821 were named by the Bush Administration.

About Managing Non-Profits

33 United Way of America has adopted sweeping changes in management, and most local United Ways say they are pleased with the results.

33 Non-profits would face tougher requirements for disclosure of financial information under legislation passed by the House.

36 The president of the Leukemia Society of America has resigned unexpectedly.

36 Employees of non-profits in northern California are making higher salaries but working longer hours.

36 A federation of United Ways in the New York City area will continue to pay its president $240,000 a year.

30 Used computer parts are helping small non-profits (Ideas).

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7 A little-known New Jersey industrialist has made a $100-million gift to Glassboro State College.

6 Paul Mellon, who has given away more than $600-million, says he always sought to support projects that couldn't get substantial backing from someone else.

12 Many Jews could afford to give more to Jewish charities, but they are not solicited effectively, says a new report.

18 Giving to charity is a top priority for Americans, according to a new poll.

About Politics

1 Foundations and non-profits are playing an important role in efforts to reinvigorate the electoral process.

14 Many voter-registration groups say they are having trouble attracting foundation support, although groups aimed at the young or at systematic reform are doing well.

16 The Democratic Party platform calls for a new emphasis on non-profits in seeking to solve the nation's problems.

Of Special Interest to Board Members

33 **United Way of America has made major changes in the structure of its board as part of its efforts to assuage criticism of its management and financial practices.**

33 **The House has passed a bill that would stiffen requirements for non-profits to disclose financial information, and the Senate is considering similar legislation.**

About Grant Makers

10 The Internal Revenue Service has withdrawn a controversial ruling that affected some funds managed by community foundations.

10 A southern California group has accused local grant makers of ignoring the area's problems.

18 An organization of grant makers has called on foundations to direct more money to women's programs, following the latest Supreme Court decision on abortion.

18 The Corella and Bertram F. Bonner Foundation plans to start making awards to aid people with special needs.

20 Grants from four foundations will enable day-care centers in the nation's capital to get more out of "Sesame Street."

20 Recent grants by foundations, corporations, and other grant makers.

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32 **Books:** A summary of *The Tragedy of American Compassion*, by Marvin Olasky, as well as listings of other new books.

40 **Opinion:** Archibald L. Gillies on why foundations should support freedom of expression; Irving Warner on Penn State's deal with Pepsi.

40 **Letters** on foundations and social problems, opportunity and danger in Eastern Europe, volunteer mentors, and women in philanthropy.

Clarification

An article on the Colorado Trust's new grant program for communitywide efforts to improve health care (June 30) should have noted that only Colorado groups are eligible for the money.

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MANAGING

Governance and Regulation

Leaders Unveil 'New United Way of America'

New financial controls, ethics rules, and board structure are designed to 'close the book' on past troubles

By **BRUCE MILLAR**

ALEXANDRIA, VA.

UNITED WAY of America has adopted sweeping management changes aimed at improving its accountability.

The measures, which range from putting representatives of local United Ways on the national organization's board to establishing stiff new financial controls and rules on ethics, appear to have assuaged the concerns of many United Way leaders across the country. However, many say they are concerned that United Way of America has not done enough to reassure potential donors in time to help fund-raising drives that will start this fall in most of the nation.

Changes at United Way of America

JANUARY 1		JUNE 30
$28.4-million	Size of budget	$23.7-million
$1,040,167	Monthly payroll[1]	$933,167
$15.9-million	Annual expenses (other than payroll)	$12.5-million
270	Number of salaried employees	185
45	Number of consultants on payroll	9
3	Number of cars owned by the organization and used by employees	none
10	Number of portable phones	none
none	Representatives of local United Ways on national board[2]	15
7	Number of affiliated organizations	6
1,400	Number of dues-paying member organizations	686

[1] Effect of staff reductions will be fully apparent in 1993 budget.

[2] Subject to ratification at August 19 annual meeting.

SOURCE: United Way of America

The changes approved by the United Way of America Board of Governors mark a dramatic shift in direction, said the organization's interim president, Kenneth W. Dam.

He predicted that the reforms at what he dubbed the "new United Way of America" will "close the book on the past" and make sure that "local United Ways have the most important governing and operational role" in the umbrella organization.

Mr. Dam said the safeguards make it "impossible" for a repetition of the controversy over spending and management practices that plunged United Way of America into a crisis this winter.

Many local United Ways refused to pay their dues to the organization after press reports about the compensation of its former president, William Aramony, his use of first-class air travel and limousines, and his efforts to place close associates in jobs at affiliates that carried out services for United Ways and other non-profits. Although an independent report prepared for United Way of America criticized Mr. Aramony for his "loose and independent" management style, he has denied that he was engaged in any serious improprieties.

Most of the changes adopted by the board had been suggested in the report, which was prepared by a Washington law firm, Verner, Liipfert, Bernhard, McPherson and Hand, and submitted to the United Way Board of Governors in April (*The Chronicle*, April 7).

In its actions, the board:

► Redefined United Way of America's mission as "to support and serve local United Ways to help them care for people in their communities." The change reflects an increased focus on serving the 2,100 United Ways across the country.

► Revamped relationships with seven affiliated organizations that were "spun off" into separate entities. In most cases, United Way of America will have tighter control over their management. The Verner, Liipfert report estimated that United Way of America had lost millions of dollars in income by setting up the spinoffs.

► Arranged for United Way of America to take over the activities of Charities Fund Transfer, a spinoff that allows corporate contributions to be electronically transferred to local United Ways.

► Established an internal auditing system that will

Continued on Page 34

Congress Weighs Tougher Rules for Making Non-Profits' Financial Reports Public

By **HOLLY HALL**

WASHINGTON

CONCERNED THAT NON-PROFITS are not doing enough to inform the public about their finances, Congress is considering two measures that would stiffen disclosure requirements for many organizations:

► The House of Representatives has passed a measure that would require all non-profits, including foundations, to provide photocopies of their annual informational tax returns, Internal Revenue Service Form 990, to anybody who requests them in writing or by telephone. The same rule would apply to requests for copies of a non-profit's application for tax exemption and its letter from the IRS granting the exemption. Under current law, charities must provide that information only to people who visit an organization's offices.

► Sen. John W. Warner, Republican of Virginia, is pushing for new rules that would require many non-profits to send a statement to all contributors telling them how they can obtain financial information about the organizations. It would also require charities to send financial data to people who request it by mail or phone. Senator Warner said he introduced his bill in part because of concerns raised by press reports about financial improprieties at United Way of America.

The House measure, which was included in a large tax package, would require charities to provide the public with their three most recent annual tax returns. Non-profits would be allowed to charge people who request the forms a "reasonable" fee for copying them.

The House passed the provision after Congressional surveys and several newspaper reports provided evidence that many non-profits were not obeying current rules for public disclosure, said key House tax aides.

Measure Would Exempt Some Non-Profits

The Senate will probably be asked to consider Senator Warner's proposal during its debate on a tax measure to match the House bill.

The measure would exempt colleges, hospitals, and churches from the requirement to tell donors how they can get information contained on a charity's Form 990. It would also excuse charities with revenues of less than $100,000 in annual revenues.

"One of the main problems with the current reporting procedures," said Senator Warner, "is that the burden is on the donor to go to the tax-exempt organization's headquarters in order to view the disclosure form, or to contact the IRS and, at the donor's expense, have the information sent to him."

He said that the bill was influenced by the recent controversy over the high salary, benefits, and alleged spending of donated funds on luxury travel and other items by top executives at United Way of America, which is based in Alexandria, Va.

Senator Warner said that his measure could help restore people's confidence in charities, which he says was eroded by the United Way scandal. "If my legislation passes," he said, "the era of excessive salaries, first-class airline flights, limousines, high-priced dinners, vacations, and other perks may be over."

To obtain the financial information, donors and anyone else who wanted it would be required to send the charity a self-addressed, stamped envelope and $2 for processing and handling. Non-profits would be required to provide the information within 30 days of receiving the request.

Non-profits that did not comply would be fined $50 per day.

Senator Warner said he hoped that if his measure became law the IRS would consider revising the 990 form so that key financial data, such as salaries of the top-paid executives, the non-profit's revenues, and how its moneys are spent would be listed on the first one or two pages. That way, he said, non-profits would not have to send donors a copy of the entire form.

Some non-profit representatives said they supported the House bill, but others worried that the measure did not specify what non-profits could charge the public for costs other than photocopying.

The outlook for the Warner measure was unclear. Non-profit lobbyists said they doubted it would be approved by the Senate, but the Senator's aides said they expected the bill would be passed because it had been crafted in consultation with key Senate staff members and officials of the IRS.

How United Way of America Has Responded to Recommended Changes

The Washington law firm of Verner, Liipfert, Bernhard, McPherson and Hand, which investigated management and financial practices at United Way of America, issued a report in April making recommendations for changes at the organization. Following is a summary of those recommendations and the actions that have been taken on them, based on information provided by United Way of America.

Relationships With Affiliated Organizations

Recommendation: Determine if Partnership Umbrella, a United Way of America spinoff that allows charities to buy goods at discount prices, should repay United Way of America the amount of money Partnership Umbrella put into buying condominiums in Miami and New York. While that decision is being made, United Way of America should cease making payments to Partnership Umbrella and take control of it.

Action: The United Way of America board has prohibited the organization from buying any services from Partnership Umbrella and voted not to renew licensing and marketing agreements between the two. The board said it would continue to investigate the relationship to determine whether Partnership Umbrella owes United Way of America any money.

Recommendation: Shut down Charities Fund Transfer, a non-profit designed to speed the transfer of corporate donations to local United Ways, and carry out its activities through United Way of America.

Action: Completed.

Recommendation: Define the relationship between Gifts In Kind America, a spinoff that provides local United Ways with low-cost products donated by companies, and United Way of America in a memorandum of understanding.

Action: Completed.

Recommendation: Negotiate with Sales Service/America, an affiliate that sells products with the United Way logo, to prepay a $2.17-million loan. The 1990 loan by United Way of America provided initial financial support for the spin-off.

Action: Loan prepaid for 1992. Amount owed United Way of America reduced to $1.58-million.

Recommendation: Investigate what services were provided by Partnership Umbrella when Sales Service/America was transferred from United Way of America and established as a separate, for-profit company. United Way of America paid Partnership Umbrella a $138,000 fee to advise Sales Service/America on how to make the transition, in addition to the $125,000 Sales Service/America paid Partnership Umbrella to break a separate management agreement between the two. All money that was improperly spent should be paid back to United Way of America.

Action: An independent audit of the financial arrangements is under way.

Recommendation: Terminate Sales Service/America's license to use the United Way of America logo and have United Way of America take over all of the spinoff's activities.

Action: Sales Service/America, will not be returned to United Way of America. United Way officials said it was impractical to take over the organization because, as a non-profit, the charity network would be ineligible, under rules established by the Advertising Specialty Institute, a trade group, for substantial discounts on the goods sold by Sales Service. It will, however, be changed from a non-stock corporation to a stock corporation, with United Way of America as the sole stockholder. The license to use United Way's logo was preserved.

Recommendation: Terminate Sales Service/America's obligations under a "buy back" agreement with Crestar Bank. The bank lent Sales Service/America $250,000 in 1990 in return for a promise that if Sales Service failed to pay back all of the loan, United Way of America would be required to purchase Sales Service/America's inventory for an amount equal to the outstanding loan balance.

Action: Completed.

Recommendation: Determine whether United Way of America should continue financial support for United Way International, a spinoff that encourages the creation of charitable organizations abroad.

Action: United Way International will remain a separate organization. No United Way of America membership dues will be used to support it.

Recommendation: Determine whether Mobilization for America's Children, an affiliate developed to build coalitions to support efforts to improve services provided to kids, should remain a separate non-profit receiving financial support from United Way of America.

Action: Mobilization for America's Children will be dissolved as a separate organization. The program has transferred $50,686 that was in its coffers back to United Way of America, which will continue the affiliate's activities.

Recommendation: Determine whether United Way of America should provide financial support for Voluntary Initiatives America, a spinoff that was created to promote volunteerism.

Action: Voluntary Initiatives America will receive no financial support from United Way of America. Money that has already been raised by the organization will be given back to United Way of America, which will distribute the money to non-profits through a grants competition.

Recommendation: Determine whether United Way of America should consider recovering money from the sale of a Miami condominium purchased by Voluntary Initiatives in 1991 for $125,000 in cash. (The condominium was later purchased by Partnership Umbrella, which then put it up for sale.)

Action: An independent audit of the financial arrangement is under way.

Financial and Management Controls

Recommendation: Devise a uniform system for developing and approving all contracts with outside consultants.

Action: A new policy on consultants has been issued.

Recommendation: Establish travel and expense policies for all United Way of America employees.

Action: All staff members have been told they must buy coach air fares for travel to business meetings, share hotel rooms, and limit meal expenses to $35 per day in most cities. They were also barred from using private limousines on business trips.

Recommendation: Establish a travel and expense budget for all top-level officials of United Way of America.

Action: The board has created a new Budget and Finance Committee that has been ordered to develop such policies.

Recommendation: Conduct an audit of all questionable travel and expense charges by former top officials of United Way of America, including limousine services, flights to Europe on the supersonic Concorde, and air travel to Las Vegas. Recover all improper charges.

Action: An independent audit of those expenses is now under way.

Recommendation: Hire a certified-public-accounting firm to conduct a thorough audit of all spending at United Way of America during the past five years. New financial controls should be developed to avoid a recurrence of inappropriate practices. Results should serve as a basis to determine which funds were used as personal expenses and can be recovered.

Action: Coopers & Lybrand has been hired to conduct independent audits of all financial arrangements under question.

Personnel Practices, Record Keeping, and Compensation

Recommendation: Establish a central system to administer compensation and fringe-benefits plans and maintain up-to-date information on deferred compensation and fringe benefits.

Action: Completed.

Recommendation: Base compensation for senior management officials on a review of salaries at other non-profit organizations and on the United Way of America budget, not the total amount raised by United Ways. Compensation had been based on salaries at commercial non-manufacturing companies.

Action: Revisions are scheduled to be completed by July 31.

Recommendation: Establish a special committee of board members that will oversee compensation and personnel policies. The board should start approving all promotions of staff members to officer-level positions.

Action: The board has established such a committee, but said the committee could decide which promotions it wanted to review.

Recommendation: Review the number of employees at United Way of America and eliminate

United Way Adopts New Financial Controls and Ethics Rules

Continued from Page 33

involve at least three board members in periodic reviews of the organization's financial transactions.

► Installed tighter financial controls aimed at making sure none of United Way's money is used improperly.

► Approved new board committees to oversee ethics, finances, compensation and personnel policies, board nominations, membership, and the services provided by United Way of America. The board also voted to meet four times instead of twice per year so that it can better monitor the organization's activities.

► Appointed an ombudsman to handle complaints from employees and local United Ways.

The Verner, Liipfert report also recommended that United Way be reimbursed for expenses for air travel, hotels, limousines, and gifts for Mr. Aramony from 1988 through 1991. The report did not say exactly how much United Way was owed, but estimated that it could be tens of thousands of dollars.

Audit Under Way

In many cases, the report said, it was not clear that those expenses were related to United Way of America business. Mr. Aramony has said he does not believe he improperly billed the organization for personal expenses. Coopers & Lybrand, one of the nation's biggest accounting firms, is now conducting an audit to determine how much, if anything, Mr. Aramony owes.

United Way of America is considering deducting any such amounts from Mr. Aramony's pension payment. He maintains that he is owed $4.4-million in retirement benefits, but United Way of America officials are still trying to determine whether that claim is proper. According to the Verner, Liipfert report, it was unclear how much of the pension's costs and benefits were adequately disclosed to the United Way of America board.

Although most of the recommendations in the report have been followed, a few key proposals are still pending, including a review of pay scales for top-ranking officials and recovery of money from Partnership Umbrella, a United Way of America spinoff that allows charities to buy goods at discount prices. The report said the spinoff might owe United Way money used to purchase condominiums in Miami and New York. United Way of America has stopped buying services from Partnership Umbrella and will not be renewing licensing agreements between the two.

Local Groups Pleased

The changes struck a favorable chord with many local United Ways, including those that had previously refused to pay their dues because of concerns about the controversy.

One of the 10 largest United Ways, Philadelphia's United Way of Southeastern Pennsylvania, announced its intention to resume paying dues the day after the revisions were approved by the United Way of America board. Joseph Divis, spokesman for the Philadelphia United Way, said the decision was a direct result of the board's action.

The board of Chicago's United Way/Crusade of Mercy voted to renew dues payments two days before the United Way of America board meeting.

Only three of the 10 largest United Ways—those in Detroit, Los Angeles, and Washington—contininconsistencies in pay scales for employees.

Action: Revisions are scheduled to be completed by July 31.

Recommendation: Review the Salary Administration Manual for comparability and internal equity.

Action: Completed.

Recommendation: Establish roles for all senior officers and make clear to whom officers must report.

Action: Completed.

Recommendation: Review equal-employment-opportunity and affirmative-action policies. Insure that policies prohibit relatives of United Way of America vice-presidents, senior vice-presidents, and the president from being employed at United Way of America.

Action: Review completed and personnel policies were expanded to respond to the concerns.

Recommendation: Establish a committee to investigate sexual-harassment complaints. Personnel policies should be amended to provide that the existing Human Relations Committee receive complaints of sexual harassment and harassment on the basis of race, religion, national origin, ethnicity, or age.

Action: Completed.

Recommendation: Conduct a review of United Way of America policy for providing severance pay to workers who resign.

Action: Completed.

Pensions and Benefits

Recommendation: Withhold distribution of special pension benefits to senior executives until all legal claims are resolved. The benefits on hold include an estimated $2.95-million claimed by William Aramony, former president of United Way of America. Because of the amount he was paid in salary and his 38 years of experience with United Way, Mr. Aramony could be eligible for an additional $1.2-million. His lump-sum pension payment could reach a total of $4.44-million.

Action: No special benefits are being distributed.

Recommendation: Stop offering any early-retirement incentives until United Way of America can determine if the plans satisfy Internal Revenue Service rules that prohibit organizations from providing highly compensated employees with benefits that are far more generous than those offered to lower-paid workers.

Action: No incentives are being offered.

Recommendation: Change existing pension arrangements so no employees are eligible to receive extra benefits in addition to their normal retirement benefits.

Action: Completed.

Recommendation: Review current pension plans, their financing, how they compare to plans offered by other nonprofits, and the effects of federal regulations on amending or terminating the plans.

Action: Completed.

Recommendation: Make sure that detailed calculations have been made to determine how much United Way will have to pay out annually in pension benefits so that those costs can be anticipated as part of the budget process.

Action: Completed.

Recommendation: Have all changes in pension policies reviewed by the board's Compensation and Human Resources Committee.

Action: Completed.

Recommendation: Conduct an independent examination to determine the relationship between United Way of America and Mutual of America, the insurance company that provides the pensions for many United Way employees.

Action: Completed.

Administration of Private and Federal Grants

Recommendation: Conduct a full audit to determine the nature of all grants earmarked for particular purposes and to make sure all such grants have been used properly.

Action: Completed. No problems were found.

Recommendation: Conduct a full audit to determine whether grants from federal agencies were managed in accord with government standards.

Action: Completed. No problems were found.

Governance

Recommendation: Establish a board-level committee to review proposed governance changes and draft proposals to carry them out.

Action: Completed.

Recommendation: Change the United Way of America bylaws to require that representatives of local United Ways be included on the Board of Governors and the committee nominates candidates for membership on the board.

Action: The board has been expanded from 37 to 45 members, 15 of whom must be representatives of local United Ways. The 15-member nominating committee must now include include 10 representatives of local United Ways.

Recommendation: Instruct the nominating committee to increase the number of women, minority-group members, and charity officials recruited to serve on the board.

Action: Completed.

Recommendation: Increase meetings of the Board of Governors and Executive Committee from two to four times a year.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Establish procedures under which a local United Way's membership in United Way of America is terminated. The policy should allow for notice, a grace period, and the temporary waiver or reduction of dues for members experiencing financial difficulty. Procedures should also be established for resolving disputes in which a local United Way withholds its dues because of a disagreement with the national organization. Previously, a local United Way's membership was automatically terminated if it failed to pay its dues.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Limit local United Ways to only one vote in annual meetings. In some cases, United Ways that have merged or have separate planning and fund-raising functions have had more than one vote.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month. The board also approved a recommendation submitted by local United Ways that, for the first time, would allow local United Ways to vote by proxy. Currently, voting is by voice vote of members present.

Recommendation: Include in the bylaws more detailed descriptions of the roles and responsibilities of the board's committees.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Outline the parameters of the authority of the board's Executive Committee and place statutorily required limits on its authority. The Executive Committee had had all the powers of the full board.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Include clear provisions in the bylaws about conditions for removal of officers.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Enact limits on the types of transactions that may be conducted between United Way of America and its board members and their families.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Prohibit United Way of America from making any loans to entities that have board members or officers in common with the United Way of America Board of Governors or its officers.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Consider whether bylaws should provide that board members and officers would be indemnified from liability in certain situations.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

ue to withhold dues. The 10 big United Ways paid 25 per cent of the national organization's dues in 1991 and their decisions have been a principal concern for United Way of America officials.

Within days of Mr. Dam's announcement of the changes at a press conference, many smaller United Ways also voted to pay membership dues, bringing the total number of dues-paying members to 704 last week, up from 532 at the end of May.

Previously, about 1,400 United Ways paid dues to the national organization.

"The decision by local United Ways is reassuring but we're not out of the woods yet," said Tony De Cristofaro, a spokesman for United Way of America.

By June 30, United Way of America had collected just $7-million of the $12-million in dues needed to meet its operating budget during the first six months of the year. Mr. De Cristofaro said the organization was filling the gap by borrowing and reducing expenses.

Reaction in Detroit

In Detroit, United Way leaders were impressed that the revisions "got at the heart of the issues," said James A. Ridge, vice-president at the United Way of Southeastern Michigan.

He said members of his board were pleased by the tougher accounting policies, the new rules giving local United Ways representation on the United Way of America board, and the revised mission statement. Mr. Ridge predicted that Detroit's board may vote as early as this week to reinstate dues payments.

Mr. Ridge and several other local United Way leaders praised Mr. Dam for seeking their advice, listening to them, and incorporating their concerns as he attempted to overhaul United Way of America.

"He made a big effort to go out of his way to listen to the customer," said Mr. Ridge. "They are letting us know who the customer is now, I think."

But he said the changes did not alleviate all of his concerns. He said he was worried that the problems at United Way of America would still bother potential donors during this fall's fund-raising drive—although he said he was more worried about the impact of the sluggish economy.

"I'm sure it [the controversy] will be something we will have to cope with," Mr. Ridge said.

Many local United Way officials share Mr. Ridge's concerns. They said that the public was so angered by reports about Mr. Aramony's management and spending practices that no matter how many changes United Way of America makes, they still expect a tough time raising money this fall.

'What We Were Waiting For'

Howard J. Nolan, president of the United Way of San Antonio and Bexar County in Texas, said the management and governance revisions were "exactly what we were waiting for in our community."

But, he said, "that isn't to say that the Aramony issue is going to be cleansed from individuals' minds. The hurdle is a little smaller, not out of the way."

In Richmond, Va., United Way Services was besieged with hundreds of pledge cancellations after the press reports about Mr. Aramony. Larry E. Walton, the United Way's president, said he found the changes "very satisfactory" but he doubted they would end the public's anger about United Way of America.

He said the key to success in the fall campaigns would be to focus on the needs of local communities served by United Way, instead of the issues affecting the national organization. "We can't let Bill Aramony create victims all over the streets of this country," said Mr. Walton. "You have to convince

Continued on Page 36

United Way Board Adopts New Financial Controls

Continued from Page 35

people that they can't hurt Bill Aramony. He's history."

Gayle Greer, chairwoman of Denver's Mile High United Way, applauded the reforms but said she was concerned that they might not matter much to middle- and low-income donors—the mainstream of United Way contributors. She said she suspected the announcement of changes might have seemed more impressive to United Way staff members than to the public, "who might think that kind of stuff is not a big deal."

> **"The way our board feels now, we are joining a new national effort. We may take a new look and make a pledge in good faith."**

Praise From Critics

Even some local United Way leaders who were most outspoken while the controversy was unfolding offered praise for the revisions.

"I think the changes are very healthy," said Pamela Y. Paul, board chairman of the United Way of Northeast Florida in Jacksonville. "They are just what locals advised them to do. It shows that they are listening, so we are very pleased."

Soon after allegations about Mr. Aramony's leadership were published, Ms. Paul fired off two widely publicized letters demanding that United Way of America's board conduct a major overhaul. She said her United Way would not pay its dues unless changes were made.

After the changes were announced, Ms. Paul said her board would reconsider its decision to withhold its 1992 dues payment of about $136,343.

"The way our board feels now, we are joining a new national effort," she said. "We may take a new look and make a pledge in good faith."

Not All Are Swayed

Still, not all local United Ways—large or small—were swayed by the actions of the United Way of America board.

The board at Norfolk, Va., said that while it approved of the changes, it was unlikely to reverse its decision to withhold dues, said Laura Sanford, vice-president for marketing and communications.

She said the Norfolk board was pleased to see the reforms but "didn't want to be wishy-washy on it" and would stand by its decision not to pay dues for the rest of 1992. The same day Mr. Dam announced the changes, the Norfolk board voted to hold a special meeting next year to decide its future relationship with the national organization.

Some other United Ways are still withholding their dues payments because they are afraid that doing otherwise would stir public antagonism and result in fewer contributions in this fall's campaign. Susan Blatt, president of New York's United Way of Greater Utica Area, said the revisions probably have come too late to help her fall fund-raising drive. She said her United Way was struggling financially and has promised that it will use all contributions from this fall's campaign to meet local human-services needs, instead of paying an estimated $30,000 in dues to United Way of America. Dr. Blatt said that her United Way might withhold dues next year too because of the controversy.

"If we campaign on the basis of all our money staying local, people will be upset if we pay dues even in 1993," she said.

Paying for Investigations

Aside from voting on numerous changes aimed at improving oversight of the organization, the United Way of America Board of Governors is also moving to make sure that money from membership dues is not used to pay for the investigation costs United Way has incurred because of the controversy.

The bill for services by lawyers, auditors, and private investigators has topped $1-million, according to one source close to the investigation. The board is helping to defray the costs by establishing a special fund to collect donations. Mr. De Cristofaro, the United Way of America spokesman, declined to disclose how much the investigation has cost, how much had been raised, or specify whether board members were making contributions of their own money.

Aside from the money owed Verner, Liipfert, United Way is also being charged for work by the Investigative Group Inc., a Washington-based organization of private investigators, by two other Washington law firms that were asked to get involved in the investigation, and by Coopers & Lybrand for the audit of Mr. Aramony's travel and expense claims.

UNITED WAY OF AMERICA

United Way President Kenneth W. Dam: The new safeguards make it "impossible" for a controversy over management to reoccur.

IN BRIEF: Managing

Leukemia Society Head Steps Down Unexpectedly

The president of the Leukemia Society of America has resigned abruptly amid concerns by some trustees that the non-profit was falling short of its fund-raising goals.

Peter N. Cakridas, who headed the New York–based organization for five years, was considering retirement at the end of this year. But he voluntarily cut short his 28-year career at the society following the organization's annual trustees' meeting last month, said Timothy J. Powers, the society's director of communications.

The society named Rudolph F. Badum, its financial officer, to be acting president and chief executive officer while a search for a replacement is being conducted. Mr. Cakridas was not available for comment.

Trustees at the meeting said finding ways to bolster fund raising was their principal concern. Other key issues discussed at the meeting were the efficiency of the charity's use of its resources, the high turnover of the group's field staff in the past year, and whether the society should spend more to sponsor research.

Mr. Cakridas, 62, said he recognized that the society needed to be more aggressive about fund raising in an increasingly competitive environment but felt the challenge should fall to someone younger and more energetic, said Peter J. Quesenberry, head of hematology and oncology at the University of Virginia and vice-president of scientific and medical affairs for the society.

The society reported that it brought in $33.7-million in donations and other income last year, a slight increase from 1990's total of $32.5-million. The 1992 total won't be released until October but is expected to be close to the 1991 total. In addition, the organization estimates that it ran a small deficit in 1991.

Northern Cal. Workers See Pay Increases

Most non-profit workers in northern California received salary increases this year and were more likely to receive job benefits, but many were also expected to work longer hours, a new survey has found.

The survey, which covered 332 non-profits in 16 counties, found that the the median salary increase was 5 per cent this year—meaning that half received more and half less. The survey also detected an increase in the number of non-profits that pay for employee health insurance (93 per cent of surveyed groups) and provide retirement benefits (65 per cent).

But the full-time work week is getting longer at more non-profits. This year, 62 per cent of agencies surveyed required employees to work 40 hours a week, compared to 58 per cent last year.

The survey was conducted by the Management Center, a San Francisco organization that helps non-profits improve their operations. Copies of the results may be obtained from Vicki Reichenberg, Assistant to the Executive Director, the Management Center, 944 Market Street, Suite 700, San Francisco 94102; (415) 362-9735. The cost of the report ranges from $50 to $300, depending on the budget of the group that is ordering it.

Tri-State United Way Chief to Keep $240,000 Salary

The board of directors of United Ways of Tri-State, which represents 35 United Ways in the New York metropolitan area, has voted to maintain the salary of the organization's president, Betty Beene, at $240,000 a year, following the results of a survey examining non-profit executives' salaries in the region.

Ms. Beene requested the review in the wake of public criticism of the compensation package and perquisites received by William Aramony, former president of United Way of America, and Calvin M. Green, former president of United Ways of Tri-State. Both men have denied they were overpaid.

J. Michael Cook, chairman of Tri-State's board and chief executive officer of the Deloitte & Touche accounting firm, said that the review found that Ms. Beene's salary was appropriate when compared to the heads of other non-profits. He added that her performance had been "superb."

In addition to her salary, Ms. Beene will receive health, pension, and life-insurance benefits worth about $32,000.

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Pay for Hospital Fund Raisers Grew by 8.2%

By DAN JOSEPH

Pay increases for U.S. hospital fund raisers outpaced inflation over the past year, according to a new report by the Association for Healthcare Philanthropy.

The median salary—meaning that half got more and half got less—was $59,500, an 8.2-per-cent increase, according to a survey that covered pay changes between March 1991 and March 1992. The inflation rate during that period was 3.2 per cent.

While the overall picture for hospital fund raisers was bright, the report found that top-ranking development officers received much higher increases than their junior-level colleagues. The median salary for executives of foundations that raise money for particular hospitals or chains of institutions jumped 8.3 per cent to $65,000, while heads of fund-raising departments received $49,500, a 3.1-per cent increase. Top hospital executives, many of whom are involved in fund raising, received the biggest increases: a median raise of 14.3 per cent, to $80,000.

On the other hand, assistant and associate hospital development directors actually saw their median salary fall from $40,000 to $36,000, a 10-per-cent decrease.

The findings were based on the responses of 677 hospital fund raisers to a survey conducted by the association.

Bill McGinly, president of the association, said a high demand for fund raisers with significant experience in health care partially accounted for the rise in foundation executives' salaries.

What's more, he said, the surge in total donations to hospitals from individuals—which rose 11 per cent last year—also affected salaries, as hospitals searched for people with more experience seeking gifts from individual donors, instead of corporations and foundations. Over all, donations to hospitals decreased by 5.5 per cent, largely because of a sharp drop in gifts from corporations and foundations (*The Chronicle*, May 5).

Jessie Fuller, executive director of the St. Joseph Health Center Foundation in Kansas City, Mo., said top fund raisers were being given big raises because many of them handle other duties as well. "I'm part of the senior administrative team in my hospital," she said. "I go through the budgeting process and the strategic-planning process."

Ms. Fuller said she received a raise last year, but declined to divulge how large it was.

Less Experience

Mr. McGinly said the reason salaries were decreasing for low-ranking hospital fund raisers was that many hospitals have been hiring development officers with little experience in health care. Many of them come from community-based organizations such as theater groups, youth organizations, and United Ways, he said.

The survey found substantial pay inequities between the sexes. Hospitals paid male fund raisers more than their female counterparts for all job rankings, with the largest disparities between men and women with the most experience and the highest positions.

Female hospital foundation executives with eight or more years in fund raising earned a median salary of $67,500, 88 per cent of the median salary for males with the same experience, the survey found. For hospital development heads with eight or more years experience, the disparity was almost the same, with women earning a median of $55,000, 82 per cent of men's median salary of $68,500.

Lower in Canada

A separate survey released by the association found that most Canadian hospital fund raisers are getting significantly less than their American peers. The overall median salary of Canadian hospital fund raisers rose slightly, from $54,000 to $55,000 (in Canadian dollars), a 2-per-cent increase.

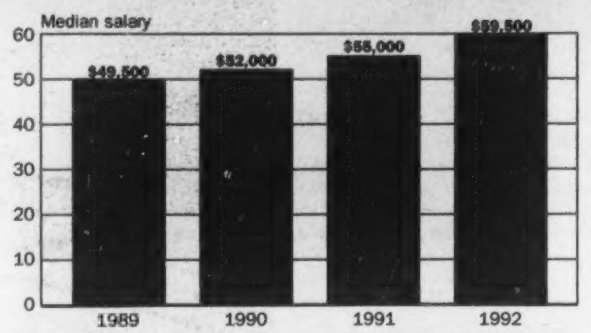
The median salary for Canadian hospital foundation executives decreased by less than 1 per cent, to $60,000 (Canadian) between March 1991 and March 1992. By current exchange rates, that would be about $48,720 in U.S. dollars.

But women who work for Canadian hospitals are faring much better than their American counterparts. Female foundation executives with eight or more years' experience earned a median salary of $79,000 ($64,150 in U.S. dollars), about $9,000 more than male foundation executives with the same number of years' experience. Those findings were based on the responses of 91 fund raisers.

Copies of the "1992 USA Salary & Benefits Report" and the "1992 Canada Salary & Benefits Report" can be ordered from the Association for Healthcare Philanthropy Foundation, 313 Park Avenue, Suite 400, Falls Church, Va. 22046. The cost is $25 per report for members of the association and $50 for non-members, including postage and handling.

Salaries and Benefits of Hospital Fund Raisers

United States

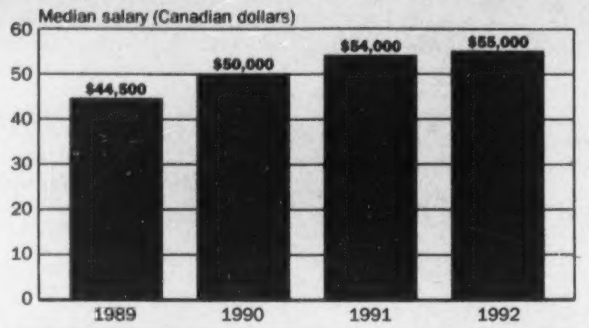


Salaries by Position	Salary	Bonus
Administrator or executive	$80,000	$9,500
Foundation executive	65,000	5,500
Head of department	49,500	4,250
Assistant or associate head of department	36,000	4,100

Salaries by Size of Hospital	Small	Medium	Large
Administrator or executive	$70,000	$79,900	$95,000
Foundation executive	53,000	68,250	74,000
Head of department	44,500	50,000	57,000
Assistant or associate head of department	49,900	33,700	38,100

Salaries by Sex	0-2 years experience	3-7 years experience	8+ years experience
Administrator or executive			
Men	$76,500	$80,000	$89,000
Women	60,500	77,500	67,050
Foundation executive			
Men	60,000	67,000	76,500
Women	50,000	53,000	67,500
Head of department			
Men	49,100	55,000	66,800
Women	42,050	42,000	55,000
Assistant or associate head of department			
Men	40,000	54,750	40,000
Women	33,450	34,400	45,000

Canada



Salaries by Position	Salary
Administrator or executive	$80,000
Foundation executive	60,000
Head of department	46,000
Assistant or associate head of department	40,000

Salaries by Size of Hospital	Small	Medium	Large
Administrator or executive	$68,500	$77,000	$95,000
Foundation executive	62,500	60,000	60,000
Head of department	49,500	46,000	42,000
Assistant or associate head of department	36,500	—	40,000

Salaries by Sex	0-2 years experience	3-7 years experience	8+ years experience
Administrator or executive			
Men	$69,000	—	$73,500
Women	—	$97,000	—
Foundation executive			
Men	60,000	65,000	70,000
Women	50,000	60,000	79,000
Head of department			
Men	—	52,000	—
Women	42,500	42,000	48,000
Assistant or associate head of department			
Men	40,000	—	—
Women	36,500	—	45,000

— Insufficient data

SOURCE: Association for Healthcare Philanthropy

CHRONICLE CHART BY JOJO GRAGASIN

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BUILDING A CHARITY COMMUNITY IN EUROPE

Cross-border cooperation gains support among non-profits, but philanthropic common market has many hurdles to overcome

By STEPHEN G. GREENE

PARIS

JEAN-LUC FORNIER, FOR THE CHRONICLE

Francis Charhon, director of the Fondation de France: He says that Europe's community of charities has grown to "occupy a space which did not exist" 35 years ago, when the European Economic Community was created.

EUROPEAN NON-PROFITS, struggling to adjust to the political and economic changes that have swept over this continent in recent years, are taking tentative steps toward cooperating more with one another and extending their activities across national borders.

Some charity leaders hope to form a kind of philanthropic common market, but that is unlikely to happen easily or quickly. Laws and habits regarding charity vary tremendously across the continent, few non-profit officials agree on the best ways to stimulate giving, and disputes have erupted between voluntary associations in poor Eastern European countries and their wealthier counterparts in the West. Many officials of non-profits also worry about the potential for increased fraud in fund raising if charities are allowed to raise money freely across borders.

Those issues were among the subjects debated this month at what was termed the largest conference ever held to discuss the status of non-profits in "the New Europe." Some 400 people from 28 countries, representing foundations, non-profit agencies, and corporations, met here to discuss issues ranging from young people to the elderly, arts and culture to health care, education to the environment.

Most agreed that European non-profits must achieve greater public visibility, more favorable legal status, and preferential tax treatment, both within their respective countries and in the 12-nation European Community. Only by doing so, some suggested, can they develop into institutions capable of filling the gap between shrinking government services and fitfully expanding business involvement in meeting social needs. But participants disagreed about which strategies were most appropriate to those tasks.

"There is an enormous amount of work to be done before we have a true European independent sector," declared John Richardson, director of the European Foundation Centre in Brussels, which promotes organized philanthropy in Europe and was a sponsor of the conference. "But a grand alliance must begin with lots of small alliances," he added, noting that many limited, pragmatic connections already exist between European foundations, non-profit associations, and corporations.

'Not Considered Important Partners in Politics'

"The independent sector itself suffers from a relative lack of identity," said Dirk Jarré, president of the European Council for Voluntary Organisations. Most European non-profits are local, single-issue groups, he said, and "they lack a high degree of solidarity with each other."

What's more, that fragmentation and diffusion of purpose mean that non-profit organizations "are not considered important partners in politics," Mr. Jarré said.

Still, several common threads ran through the sessions here:

► Several participants voiced fears that a common market for non-profit fund raising would favor large, well-known charities at the expense of newer, small-

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Shutting Down a Non-Profit

Peggy Charren (*right*) is closing down Action for Children's Television, the organization she founded. Sometimes, she says, a non-profit must decide whether it is still the right organization to do the job. Story on Page 24.

MICHAEL FEIN

A Reader's Digest Legacy

The founders of *Reader's Digest* created private foundations that are now among the country's wealthiest and most influential, but some observers worry that the funds' ties to the publishing company are too close and may lead to conflicts of interest. Story on Page 6.

Big Campaigns Questioned

Some college fund-raising leaders are questioning whether billion-dollar capital campaigns are really a good idea. Story on Page 20.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Grant Makers

6 The foundations created by DeWitt and Lila Wallace, founders of *Reader's Digest*, have become a major force in American philanthropy, but the funds' ties to the publishing company also draw some criticism.

9 The non-profit New American Schools Development Corporation, set up to channel corporate and foundation funds to education-reform efforts, has unveiled its first round of grants in full-page advertisements in three newspapers.

14 Many corporate grant makers say their biggest problem is that they don't have enough time or employees to distribute money effectively.

14 Foundations are more open than they used to be, but too many are not sufficiently accountable to the public, says a new report.

14 Corporate gifts to the arts dropped last year, so groups are planning new fund-raising strategies.

16 Grants from the Marin Community Foundation are helping to keep former San Quentin inmates from going back to jail.

25 A Lilly Endowment grant program is encouraging staff members at some non-profits to think about how they could do a better job.

15 Recent grants by foundations, corporations, and other grant makers.

18 Summaries of annual reports from the W. M. Keck, Z. Smith Reynolds, and Victoria Foundations.

About Managing Non-Profits

24 Peggy Charren, founder of Action for Children's Television, is doing something unusual in the non-profit world: She's shutting down her organization voluntarily.

28 A new report outlines 50 ways in which states could help non-profits, from paying for services more promptly to banning private fund raising by government agencies.

30 Maryland plans to monitor non-profits more closely.

30 The son of William Aramony, the former United Way of America president, has resigned as head of one of the companies spun off by the charity federation.

27 A House committee has passed a bill that would exempt non-profits that hold sports and cultural events from paying taxes on corporate sponsorships. But it would make charities pay taxes on income from credit-card tie-ins (Tax Watch).

27 The city of Berkeley, Cal., is considering a tax on churches (Tax Watch).

21 Reading List: Summaries of books on accounting and financial management for non-profits.

G. STEVE JORDAN, FOR THE CHRONICLE

The philanthropic legacy of Reader's Digest 6

About International Philanthropy

1 Some European non-profit leaders hope recent changes on the continent will lead to a kind of philanthropic common market, but that is unlikely to happen quickly or easily.

8 Charitable giving did not increase in the United Kingdom last year.

About Volunteers

21 Checking on the backgrounds of volunteers is often a complex, lengthy, and costly process (The Basics).

8 Points of Light 822 to 835 were named by the Bush Administration.

Of Special Interest to Board Members

6 **Overlapping membership between the boards of the Reader's Digest company and the foundations created by its founders has raised questions about potential conflicts of interest. But the foundations' grant making is winning wide praise.**

25 **Officials at the Lilly Endowment, which has given some non-profits grants to reflect on what they are doing, say they are surprised that board members weren't more involved in the process.**

28 **A new report urged states to do more to help non-profits, such as providing for protection of board members from liability for lawsuits.**

About Fund Raising

19 Donations to private schools rose only 2.8 per cent last year.

20 Some college fund-raising leaders are questioning the wisdom of giant capital campaigns.

23 A "Treasure Chest" direct-mail appeal raised thousands for a private school.

8 A South Carolina businesswoman has left $56-million to more than a dozen colleges.

8 The television evangelist Pat Robertson's non-profit Christian Broadcasting Network says it will give $117-million to a university he founded.

20 Update on campaigns for endowments and capital improvements.

20 Interest rates for planned gifts, issued by the Internal Revenue Service.

Also in This Issue

21 **Ideas:** Getting companies and associations to publicize a public-TV station and using art classes to raise money for library books.

33 **Opinion:** Michael F. Jacobson and Ronald K. L. Collins on non-profits and commercialism; Pablo Eisenberg on picking the next president of United Way of America.

32 **Letters** on help for the cities, the Boy Scouts and homosexuals, a company that supports better fund raising, and a source of gifts in kind.

22 **Books:** Summaries of new publications on philanthropy, fund raising, and non-profit management.

31 **People:** Appointments and promotions in the non-profit world.

35 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

Corrections

▶ Because of incorrect information provided by the California Community Foundation, an article on the Southern California Coalition for Responsive Philanthropy's call for foundations and corporations to do more to help the poor (July 14) misstated the amount the community fund gave to help the needy. In the fiscal year that ended last month, the foundation spent just over $2-million—85 per cent—of its discretionary money to help people who are poor, handicapped, or members of minority groups.

▶ An article on the Gap Foundation's program to give employees of the Gap clothing company time off to volunteer (July 14) incorrectly stated the number of workers at the corporation's San Francisco headquarters. The correct figure is 1,500.

▶ In a list of charities eligible to raise money in the 1992 Combined Federal Campaign (June 30), one group's name was given incorrectly. The correct name is Laubach Literacy International.

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FUND RAISING

Trends and Ideas

Donations to Private Schools Lose Ground

Rise of 2.8 per cent falls short of inflation rate; weak economy, tuition increases may be to blame for restraint by parents, others

By DAN JOSEPH

For the second year in a row, giving to private schools failed to keep pace with inflation, according to a new survey by the Council for Aid to Education.

Support for private elementary and secondary schools climbed 2.8 per cent in the 1990-91 school year, compared with the overall inflation rate of 4.7 per cent over the same period.

Independent-school support had risen 3.4 per cent in the 1989-90 year, compared with a 4.7 per cent rate of inflation. The findings were based on responses from a "core group" of 343 schools that participated in the council's survey in both the 1989-90 and 90-91 school years. The council is a business-backed organization that encourages private support of colleges and schools.

Fund raisers at private schools speculated that the weak economy had forced potential donors, many of whom are parents of students, to take a conservative approach to giving.

"A lot of people say, even though they're not on financial aid, that they're stretching to meet tuition and board for their child, and they just can't give here," said Mary Kay Karzas, associate director of development and director of leadership gifts at Culver Military Academy in Culver, Ind.

'Parents Are Being Stretched'

Scott Smith, director of development at Dwight-Englewood School in Englewood, N.J., said donors had expressed similar concerns to him. "Parents are being stretched, and we see similar issues with our alumni constituency as well," he said.

Mr. Smith also blamed tuition increases for putting further demands on parents' incomes. He said tuition at Dwight-Englewood jumped from $9,850 in 1989-90 to $11,450 this past year, a 14-per-cent increase.

Giving lagged at both schools in 1991-92. Ms. Karzas said Culver's support stayed flat; Mr. Smith said donations to Dwight-Englewood's annual fund dropped 3.6 per cent.

Unlike many other schools, they raised more in 1990-91 than they did the previous year. Culver's support soared 23.4 per cent and contributions to Dwight-Englewood's annual fund went up 12.6 per cent. Ms. Karzas said Culver's increase was because of two big donations; Mr. Smith said Dwight-Englewood's increase was not attributable to any one donor or fund-raising event.

The council said 406 schools responded to the survey in 1990-91, 51 fewer than the year before.

Schools in the 1989-90 survey raised a total of $441-million; those participating in 1990-91 raised a total of $433-million.

The survey found that support from many types of sources rose during the 1990-91 year. For schools in the core group, contributions from alumni were up 7.6 per cent; foundation gifts rose 4.2 per cent; contributions from parents rose 1.2 per cent; and corporate contributions climbed 3.1 per cent, rebounding from an 11-per-cent fall the year before.

But support from those categorized as "other individuals," such as donors who are not alumni or parents,

Continued on Page 20

Giving to Independent Schools

	1989-1990[1]		1990-1991[2]			
	Amount	Average per institution	Amount	Average per institution	Change in average	Core group percentage change[3]
Sources of support:						—
Alumni	$158,253,000	$346,287	$168,528,000	$415,094	+19.9%	+ 7.6%
Parents	136,398,000	298,465	127,446,000	313,907	+ 5.2	+ 1.2
Other individuals	57,072,000	124,884	46,296,000	114,030	− 8.7	−12.6
Foundations	58,883,000	128,847	61,613,000	151,756	+17.8	+ 4.2
Corporations	17,628,000	38,574	17,249,000	42,485	+10.1	+ 3.1
Religious organizations	2,041,000	4,466	1,443,000	3,554	−20.4	+ 4.9
Other organizations	10,976,000	24,016	11,147,000	27,456	+14.3	+16.1
Purpose of support:						
Current operations	178,902,000	391,471	175,299,000	431,770	+10.3	+ 2.8
Capital purposes	262,349,000	574,068	258,424,000	636,511	+10.9	+ 2.7
Grand total	**$441,261,000**	**$965,539**	**$433,722,000**	**$1,068,281**	**+10.6%**	**+ 2.8%**

Average Support by Type of School

	Girls	Boys	Coeducational	All
Day elementary	$604,504	$761,016	$343,917	$377,175
Day elementary and secondary	999,830	1,399,296	897,253	949,963
Day secondary	749,452	1,483,158	879,295	990,630
Day/boarding[4]	863,793	1,205,556	1,201,459	1,121,247
Boarding and boarding/day[5]	917,762	1,602,703	2,066,857	1,770,546
Total all schools	908,069	1,416,320	1,071,326	1,088,714

Top 10 Boarding Schools in Total Gifts

Includes boarding/day schools[5]	
Phillips Academy (Mass.)	$14,731,938
St. Paul's School (N.H.)	11,558,985
Phillips Exeter Academy (N.H.)	9,661,266
The Lawrenceville School (N.J.)	7,452,321
The Hotchkiss School (Conn.)	7,090,947
Deerfield Academy (Mass.)	6,915,766
Culver Academy (Ind.)	5,161,212
Choate Rosemary Hall (Conn.)	4,987,524
The Madeira School (Va.)	3,964,323
The Hill School (Pa.)	3,425,597

Top 10 Day Schools in Total Gifts

Includes day/boarding schools[4]	
Punahou School (Hawaii)	$7,567,271
The McCallie School (Tenn.)	5,017,060
Regis High School (N.Y.)	4,865,014
Milton Academy (Mass.)	4,369,857
The Kinkaid School (Tex.)	3,668,844
University Lake School (Wis.)	3,603,652
St. Ignatius College Prep (Ill.)	3,587,941
Girls' Preparatory School (Tenn.)	3,285,447
Fort Worth Country Day School	3,109,589
Polytechnic School (Cal.)	2,999,533

Top 10 Boarding Schools in Gifts from Corporations

Includes boarding/day schools[5]	
Phillips Academy (Mass.)	$475,284
Choate Rosemary Hall (Conn.)	445,145
Phillips Exeter Academy (N.H.)	383,365
Cate School (Cal.)	379,618
St. Paul's School (N.H.)	253,584
The Hotchkiss School (Conn.)	237,805
Valley Forge Military Academy (Pa.)	229,881
Kent School (Conn.)	201,539
The Lawrenceville School (N.J.)	192,271
Deerfield Academy (Mass.)	146,360

Top 10 Day Schools in Gifts from Corporations

Includes day/boarding schools[4]	
Mary Institute (Mo.)	$594,844
Punahou School (Hawaii)	549,098
Loyola Academy (Ill.)	376,832
The Prairie School (Wis.)	245,804
Memphis University School	240,433
St. Mark's School of Texas	224,130
St. Johns Country Day School (Fla.)	222,889
Dwight-Englewood School (N.J.)	216,125
St. Ignatius College Prep (Ill.)	208,808
Harvard Westlake School (Cal.)	197,995

[1] Reports from 457 schools. [2] Reports from 406 schools. [3] Based on 343 schools.

[4] Day/boarding schools are those in which 51 to 94% of enrollment is day students.

[5] Boerding/day schools are those in which 51 to 94% of enrollment is boarding students.

SOURCE: Council for Aid to Education

Head of College Fund Raisers' Group Calls for End to Protracted Capital Campaigns With Huge Goals

By HOLLY HALL

ATLANTA

Capital campaigns—particularly billion-dollar drives that sometimes last a decade or more—are outdated and should no longer be conducted, said several speakers at the annual meeting of the Council for the Advancement and Support of Education here.

"I wish to hell we could get rid of campaigns, I really do," said Peter McE. Buchanan, president of CASE, which represents fund raisers and public-relations officials at colleges, universities, and private schools.

Mr. Buchanan, former vice-president for university development and alumni relations at Columbia University, said he was especially concerned about the efforts to raise $1-billion or more that are now under way at five universities. Those institutions are Columbia, Cornell, New York, and Yale Universities and the University of Pennsylvania. Stanford University this year became the first university to raise that much; its five-year drive brought in $1.25-billion.

"The idea that an institution is raising a billion dollars—who can even conceive of what a billion dollars *is*?" he said.

'Money Rather Than Education'

"The most acute concern that we all have had about our campaigns is the fact that they have had an impact on the public arena that has been questionable at best, and a lot worse if you want to press that question," Mr. Buchanan said. The "fascination" with billion-dollar campaigns, he added, has been "money rather than education," but "money is secondary and the quality of education is what we are trying to accomplish, and that point gets lost."

Another serious problem with large capital campaigns, he said, occurs "when we have the juxtaposition of raising enormous amounts of money at the same time our institutions go into deficit. And then people say, 'What the hell is going on here?' "

In 1990, during Mr. Buchanan's last year as the chief development officer at Columbia, the institution began a campaign for $1.15-billion; he presided over a campaign that ended in 1987 and brought in $600-million.

His institution is now suffering from the problem he mentioned. Even though it has raised significant amounts of money, it faces a $15-million deficit in its current fiscal year, with another $15-million deficit projected for the following year.

Mr. Buchanan said campaigns that last for many years tend to cause problems because "who can possibly forecast where the institution is going to be in 10 years?"

"I have never said this publicly before," he said, but "we do in this business the dumbest thing I think I have ever seen: We gear up for the campaign and we hire new people; we put together a communications program; we put all of that wonderful apparatus together and then we have the campaign; and then what do we do? We shut it down."

But "if we have those resources and use those resources cyclically every few years, it is a whole lot cheaper to keep them and a whole lot better to our [fund raising] professionals," Mr. Buchanan said.

Too many campaigns, Mr. Buchanan said, cannot answer the question, "where did the money go?" But the entire constituency of an institution "needs to know precisely where the money went," he said. "Never have we as a group needed to take ourselves more seriously than we do in this regard. To define and explain the needs concretely to your community is to guarantee in the long run you will conduct a more successful effort and indeed raise more money."

High Goal Not a Turn Off

A few college officials—including some of those involved in big campaigns—said they disagreed with Mr. Buchanan's remarks. At least one fund raiser took exception to the opinion that billion-dollar goals alienate the public.

"Actually, I think that a billion dollar campaign causes people to ask 'what's it for?' and then the ensuing discussion will focus on the institution and its needs," said Terry M. Holcombe, vice-president for development and alumni affairs at Yale. "So I think it's a device for engaging people's interest rather than turning them off."

Most development officers, however, said that they agreed that 10 years was too long for a capital campaign. "Sooner or later I think people are going to come around to the idea that these things are too time-consuming and wasteful of resources," said Linda Allaire Welter, assistant vice-president for resources at Wellesley College, which recently completed a capital campaign that brought in $172-million.

Ms. Welter said she was especially concerned about the "transitional phase," one year and a-half to two years before a campaign formally ends, during which development officials must figure out how to move from campaign to post-campaign fund raising.

"Transition environments feel different, they feel weird, they feel uneasy," said Ms. Welter.

Among the difficult questions she said fund raisers must answer during this period:

► Are there enough leaders who are not "tapped out, burned out" by the big drive to lead post-campaign fund raising?

► Which staff members will be retained and which must be let go?

► Did the campaign fill all of its monetary objectives?

► How can fund raisers deal with donors' and volunteers' feeling that they don't need to contribute again because institutional needs were supposedly satisfied by the campaign?

She said the tough economic times of the past few years have highlighted the problem facing many multi-year campaigns. In 1987, when many drives that are now under way were in their planning stages, the outlook was bright; now fund raising is far more difficult.

"Due to the time it takes to plan capital campaigns, such plans are already inadequate to meet the changing needs before the drive reaches completion," said Ms. Welter.

"Even a short five-year planning window is insufficient, let alone a 10-year mega-drive, which requires perhaps 12 years to plan," she said. "Campaigns and their ever-increasing monetary objectives will not equip us to move through an environment that unfortunately is going to be in perpetual change."

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Catlin Gabel School (Ore.)	Fall 1988	June 1993	$8,500,000	$6,500,000
Loyola College in Maryland	Jan. 1991	Jan. 1996	40,000,000	15,000,000
Nightingale-Bamford School (N.Y.)	Jan. 1984	June 1992	13,000,000	13,500,000
Pearl and Everett Gilmour Health Care Facility (N.Y.)	Jan. 1992	Dec. 1993	2,000,000	1,600,000
Point Park College (Pa.)	March 1991	March 1994	10,000,000	6,900,000
Saddleback Memorial Foundation (Cal.)	Oct. 1989	Dec. 1992	30,000,000	24,500,000
Seattle U.	Oct. 1991	June 1995	55,000,000	40,000,000
U. of Maryland System	Dec. 1988	Dec. 1993	236,000,000	202,000,000
Widener U. (Pa.)	Sept. 1988	June 1993	20,000,000	18,600,000
William Jewell College (Mo.)	June 1989	June 1992	21,000,000	26,306,444

Private Support of Education

	Total amount	Per student	Percentage of total expenses
Elementary and Secondary Schools			
Public	$300,000,000[1]	$7[1]	0%
Private:			
Independent schools[2]	700,000,000	1,896	16
Other non-religious schools	350,000,000[1]	733[1]	10
Catholic schools[3]	260,000,000	103	4
Other religious schools	190,000,000[1]	112	4
Total private	1,500,000,000	296	8
Total	1,800,000,000	39	1
Colleges and Universities			
Public:			
Two-year	$265,000,000	$96	1%
Four-year	3,590,000,000	780	4
Total	3,855,000,000	523	4
Private:			
Two-year	45,000,000	275	3
Four-year	6,300,000,000	2,901	12
Total	6,345,000,000	2,717	12
Total	10,200,000,000	1,051	7
All Education			
	$12,000,000,000	**$215**	**3%**

[1] Rough estimates.

[2] Members of National Association of Independent Schools.

[3] Does not include subsidies from parishes and dioceses, estimated at $1.35-billion.

SOURCE: Council for Aid to Education

Giving to Private Schools Up 2.8%, Not Enough to Surpass Inflation

Continued from Page 19

fell 12.6 per cent, balancing the increases in other categories and keeping the total increase small.

Priscilla Lewis, vice-president for publications and public information at the council, said the "other individuals" category was highly volatile because a few large gifts one year can make the following year look bad in comparison. "It's susceptible to variation for idiosyncratic reasons," she said.

She said gifts from "other individuals" had risen 2.6 per cent in 1989-90.

Contributions earmarked for current operations rose 2.8 per cent. Donations made for capital purposes, such as property, buildings, and endowments, also rose 2.8 per cent.

Education Got 4% More

In addition to releasing information about private schools, the council announced that total giving to all of education—including public and private schools, colleges, and universities—rose 4 per cent in 1990-91, to an estimated $12-billion.

This was the first time the council had produced a total estimate of giving to education, so the increase cannot be compared to previous years.

The council announced in May that giving to colleges had increased 4 per cent last year (*The Chronicle*, May 19).

Private giving represented approximately 3 per cent of educational institutions' total expenditures, the council said.

Private donations represented 12 per cent of expenditures at private colleges and universities, 8 per cent at private schools, 4 per cent at public colleges and universities, and under 1 per cent at public schools.

The two-volume report on both schools and colleges, "Voluntary Support of Education, 1991," can be obtained from the Council for Aid to Education, 51 Madison Avenue, Suite 2200, New York 10010. The cost is $35 for survey participants and $50 for non-participants.

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

September 1991	9.6%
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6
June	8.4
July	8.2
August	7.8

SOURCE: PG Calc Inc.

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'Reinventing' Non-Profits' Ties to Government

Faced with uncertain financial support from states and localities, human-services groups look for ways to reform the system

STEVE GRAYSON, FOR THE CHRONICLE

David Mandell, head of the Boys and Girls Club of Venice, Cal., says cuts in government and United Way aid have hurt his agency's ability to help needy kids: "It's crazy. We know we need more services, not less."

By KRISTIN A. GOSS

TO THOUSANDS of human-services groups around the country, David Mandell's story is a familiar one.

In the past two years, Mr. Mandell, head of the Boys and Girls Club of Venice, Cal., has weathered the elimination of a $35,000 Los Angeles County grant to provide counseling to troubled kids and a 50-per-cent cut in United Way aid. New efforts to raise private money have failed to offset the losses, so he has had to cut his seven-person staff to four, begin charging fees to counseling clients, and reduce the hours the club is open.

"It's crazy," says Mr. Mandell, whose club is seeing 20 per cent more young people this year. "With riots and the unrest we just went through, we know we need more services, not less."

Predicaments like Mr. Mandell's have prompted a small but growing number of charity leaders, grant makers, and government officials to call for a transformation in the often-strained relationship between human-services groups and state and local governments.

Among the ideas for reform that are gaining support from both non-profit leaders and policy makers:

► Tracking not only how many people are served by charities, but how well they are served. Many non-profits have anecdotal evidence that their programs work, but more and more, contracts from government agencies will be linked to solid, long-term data on "outcomes." Even though it is costly, complicated, and time-consuming to follow the progress of clients, many non-profit leaders say such steps will be necessary to overcome the perception by many lawmakers that too many tax dollars are being wasted on social-welfare programs.

► Increasing the political clout of non-profit groups. A proliferation of statewide associations of non-profits has helped, but some human-services officials say their efforts are still fragmented, as coalitions that deal with specific issues compete with one another for lawmakers' attention. Some consultants say non-profit executives need to ask their board members, who often have considerable influence in their communities, to get more involved in lobbying government officials. (See story on Page 32.)

► Rethinking the structure and financing of the entire human-services system. Over the past three decades, many non-profits were created essentially as vehicles for governments to funnel tax dollars into community services, but the resulting public-private hybrid has developed what many people see as significant flaws. Some in the non-profit world are talking about "reinventing" the way their groups work, borrowing the language of a popular

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SUMMER BREAK

Following this issue, *The Chronicle of Philanthropy* takes its customary publishing break. The next issue, dated September 8, will be mailed September 3.

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JOHN RAOUX, FOR THE CHRONICLE

Battle in Florida

Bernard J. Yokel (*above*), president of the Florida Audubon Society, is embroiled in a dispute that has lessons for other non-profits. Story on Page 26.

Congress Mulls Tax Changes

Congress is considering legislation that could lead to the most sweeping changes in rules affecting charities and foundations since the 1986 tax-reform law. Story on Page 21.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Managing Non-Profits

26 Two Florida environmental groups are battling over whether one should be autonomous from the other.

33 The Financial Accounting Standards Board has dropped its plan to require museums to count the value of their collections as revenue.

29 United Way of America has announced a slate of nominees for its revamped board, which will include representatives of local United Ways for the first time.

23 A new report offers a dozen ideas on how non-profits can cope with economic hard times (The Basics).

33 The president of Save the Children has resigned as the group faces flagging contributions and internal disagreements about its future direction.

23 The National Easter Seal Society is sending its employees to camp: one of the charity's facilities for children with disabilities (Ideas).

37 The IRS has decided to let tax-exempt public-interest law firms accept fees from clients (Tax Watch).

37 Letters sent by the IRS national office granting tax exemptions are now being made available for public inspection (Tax Watch).

33 A 21-year-old Eagle Scout is suing the Boy Scouts of America for discrimination after his membership was revoked because he is homosexual.

33 Summaries of annual reports from the Association of Junior Leagues International and the Enterprise Foundation.

34 Reports on charities by the National Charities Information Bureau.

About Fund Raising

21 Congress is moving toward approval of legislation that would encourage giving by wealthy people, block taxation of corporate sponsorships, and tax the money that charities earn from credit cards.

21 Action in the Senate has made it unlikely that non-profit postal rates will go up next year, but lobbyists warn that a big increase could come in 1994.

22 Connecticut and Pennsylvania have accused four charities of overstating the amount they spend on good works.

37 The Internal Revenue Service has issued inflation-adjusted figures used to determine when the value of gift premiums can be ignored in figuring the portion of a contribution that is deductible (Tax Watch).

23 A U.S. charity has raised $50,000 from spare change: foreign coins brought back by travelers (Ideas).

23 Summaries of books on direct-mail fund raising (Reading List).

EUGENE SLYMAN, FOR THE CHRONICLE

The 'contrarian' Weinberg Foundation 6

About Grant Makers

6 The Harry and Jeanette Weinberg Foundation is one of the country's biggest philanthropies, but it has no program officers, discourages grant applications, does not publish an annual report, and has an unlisted phone number.

8 Two companies have set up charitable programs to promote economic development in South-Central Los Angeles.

8 A Japanese video company and its American subsidiary have set up a foundation to make grants to organizations that work with children.

8 The Robert Wood Johnson Foundation has withdrawn almost half of a grant to a Boston hospital, saying the money was not being used as intended.

14 The assets of the nation's community foundations grew 19 per cent last year.

21 The Senate Finance Committee has approved a bill that would allow foundations to pool their investments.

37 A foundation's mortgage-investment scheme was "self-dealing," the IRS has ruled (Tax Watch).

16 Summaries of annual reports from the AT&T and George Gund Foundations, the Duke Endowment, and the Pew Charitable Trusts.

Of Special Interest to Board Members

32 **Human-services organizations looking for increased support from state and local government are turning for help to their board members, who are often influential community leaders.**

26 **A battle between two Florida environmental groups offers some lessons about the dangers involved when one charity spawns another under one tax exemption.**

About Gifts and Giving

12 Giving to Protestant churches has slowed, according to two new reports.

8 J. Paul Getty II is Britain's top philanthropist, according to a survey of that country's wealthiest people.

20 Butler University has received an anonymous bequest of $14-million; other recent gifts.

22 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Volunteers

8 Maryland has become the first state to require community service as a condition of high-school graduation.

8 Bill Cosby is the celebrity who most clearly embodies volunteerism, according to a survey of people attending the Points of Light Foundation's annual conference.

8 Points of Light 836 to 849 were named by the Bush Administration.

About Social Services

1 The sometimes strained relationship between non-profits and state and local governments is leading to calls for a complete overhaul of the nation's human-services system.

8 Efforts by non-profits to create more housing for the poor need an infusion of support from government, businesses, and grant makers, says a new report.

Also in This Issue

38 **Opinion:** Margaret C. Ayers on what foundations should do to fight efforts to silence progressive organizations, and Leslie Lenkowsky on philanthropy and school choice.

38 **Letters** on why foundations shouldn't go out of business, scare tactics on the environment, election reform, and grant makers and the abortion issue.

34 **Press Clippings:** *American Spectator* on Hillary Clinton's term as chair of a foundation's board; *Publishers Weekly* on *pro bono* publishing to aid non-profits; and other items from recent magazines.

24 **Books:** A summary of *Beyond Homelessness: Frames of Reference*, as well as listings of other new publications.

33 **Bills:** Summaries of legislation introduced in Congress of interest to non-profits and foundations.

33 **Regulations:** Summaries of new federal rules affecting non-profits.

35 **People:** Appointments and promotions in the non-profit world.

40 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

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	Members		Contributions		
United States	Full or confirmed	Total	Total	Per full or confirmed member	Per member
African Methodist Episcopal Zion Church	1,000,000	1,200,000	$71,895,244	$71.90	$59.91
Albanian Orthodox Diocese of America	325	1,870	179,850	553.38	96.18
Allegheny Wesleyan Methodist Connection (Original Allegheny Conference)	2,037	2,155	3,948,995	1,938.63	1,832.48
American Baptist Churches in the U. S. A.	1,535,971	1,535,971	359,952,372	234.35	234.35
Apostolic Lutheran Church of America	3,351	7,583	93,428	27.88	12.32
Associate Reformed Presbyterian Church (General Synod)	32,787	37,988	21,984,152	670.51	578.71
Baptist General Conference	134,717	134,717	123,180,155	914.36	914.36
Baptist Missionary Association of America	229,166	229,166	55,558,469	242.44	242.44
Berean Fundamental Church Council Inc.	2,768	2,768	3,763,620	1,359.69	1,359.69
Brethren in Christ Church	17,277	17,277	16,663,994	964.52	964.52
Christian and Missionary Alliance	138,071	279,207	168,255,859	1,218.62	602.62
Christian Church (Disciples of Christ)	678,750	1,039,692	364,176,916	536.54	350.27
Church of God (Anderson, Ind.)	205,884	205,884	162,462,531	789.10	789.10
Church of God General Conference (Oregon, Ill.)	4,375	5,688	3,419,151	781.52	601.12
Church of the Brethren	148,253	148,253	69,024,463	465.59	465.59
Church of the Lutheran Confession	6,397	8,753	3,081,917	481.78	352.10
Church of the Nazarene	572,153	573,834	403,923,855	705.97	703.90
Churches of God, General Conference	33,371	33,371	18,583,217	556.87	556.87
Conservative Congregational Christian Conference	28,355	28,355	21,138,261	745.49	745.49
Cumberland Presbyterian Church	91,857	98,891	32,720,167	356.21	330.87
The Episcopal Church	1,698,240	2,446,050	1,377,794,610	811.31	563.27
Evangelical Church	16,398	16,398	14,497,946	884.13	884.13
Evangelical Congregational Church	24,437	32,700	12,389,360	506.99	378.88
Evangelical Covenant Church	89,735	89,735	86,170,275	960.27	960.27
Evangelical Lutheran Church in America	3,898,478	5,240,739	1,503,058,833	385.55	286.80
Evangelical Lutheran Synod	16,181	21,630	7,720,865	477.15	356.95
Evangelical Mennonite Church	3,958	3,958	5,184,678	1,309.92	1,309.92
Evangelical Presbyterian Church	49,286	52,645	47,685,179	967.52	905.79
Fellowship of Fundemental Bible Churches	1,482	1,482	1,862,061	1,256.45	1,256.45
Fire Baptized Holiness Church	695	695	784,000	1,128.06	1,128.06
Free Methodist Church of North America	58,084	74,313	65,347,686	1,125.05	879.36
Free Will Baptists, National Association of	197,206	197,206	55,500,000	281.43	281.43
Friends United Meeting	45,691	54,945	12,547,146	274.61	228.36
General Association of General Baptists	74,156	74,156	24,896,639	335.30	335.30
General Association of Regular Baptist Churches	168,068	168,068	116,171,637	691.22	691.22
International Pentecostal Church of Christ	2,610	3,995	2,289,435	877.18	573.08
The Latvian Evangelical Lutheran Church in America	11,423	12,553	2,546,000	222.88	202.82
Lutheran Church–Missouri Synod	1,954,350	2,602.849	841,464,284	430.56	323.29
Mennonite Church	92,517	92,517	94,106,910	1,017.19	1,017.19
Mennonite Brethren Churches, United States Conference of	16,794	16,794	28,118,881	1,674.34	1,674.34
Mennonite Church–The General Conference	33,535	33,535	22,118,683	659.57	659.57
Metropolitan Community Churches, Universal Fellowship of	12,576	25,076	7,414,949	589.61	295.70
Missionary Church	26,910	26,910	35,541,201	1,320.74	1,320.74
Moravian Church in America, Northern Province	23,526	31,032	11,442,653	486.38	368.74
North American Baptist Conference	44,493	44,493	38,803,791	872.13	872.13
Presbyterian Church in America	185,526	223,935	227,082,419	1,223.99	1,014.06
Presbyterian Church (U. S. A.)	2,847,437	3,788,009	1,825,332,148	641.04	481.87
Reformed Church in America	197,154	326,850	172,066,651	872.75	526.44
Schwenkfelder Church	2,488	2,488	953,456	383.22	383.22
Seventh-day Adventist Church	717,446	717,446	628,089,298	875.45	875.45
Seventh Day Baptist General Conference, U. S. A. and Canada	5,200	5,200	3,084,307	593.14	593.14
Southern Baptist Convention	15,038,409	15,038,409	4,864,460,435	323.47	323.47
True Orthodox Church of Greece	900	900	67,700	75.22	75.22
Unitarian Universalist Association	141,315	141,315	89,817,968	635.59	635.59
United Brethren in Christ	25,775	25,775	16,187,703	628.04	628.04
United Church of Christ	1,599,212	1,599,212	599,363,294	374.79	374.79
The United Methodist Church	8,904,824	8,904,824	2,845,998,177	319.60	319.60
Unity of the Brethren	2,750	3,196	1,348,185	490.25	421.85
The Wesleyan Church	102,838	110,561	114,856,003	1,116.86	1,038.85
Wisconsin Evangelical Lutheran Synod	316,813	420,039	158,408,452	500.01	377.13
Total United States	**43,514,781**	**48,264,056**	**$17,866,548,721**	**$410.59**	**$370.18**
Canada					
The Anglican Church of Canada	529,943	848,256	$203,946,617	$384.84	$240.43
Associated Gospel Churches	9,152	19,342	13,534,426	1,478.84	699.74
Baptist Convention of Ontario and Quebec	33,000	33,000	39,036,700	1,182.93	1,182.93
Baptist Union of Western Canada	15,651	20,867	22,340,757	1,427.43	1,070.62
Bible Holiness Movement	358	904	162,301	453.35	179.53
Brethren in Christ Church	3,069	3,069	4,089,420	1,332.49	1,332.49
The Christian and Missionary Alliance in Canada	26,784	74,286	64,097,550	2,393.12	862.84
Christian Church (Disciples of Christ) in Canada	2,496	4,251	2,007,071	804.11	472.14
Church of the Nazarene	10,915	10,951	10,207,965	935.22	932.14
Conference of Mennonites in Canada	28,689	28,689	22,006,773	767.08	767.08
Congregational Christian Churches in Canada	258	258	309,344	1,199.00	1,199.00
Evangelical Covenant Church of Canada	1,286	1,286	1,846,999	1,436.23	1,436.23
The Evangelical Lutheran Church in Canada	149,059	206,024	54,295,178	364.25	263.53
Foursquare Gospel Church of Canada	2,019	2,019	2,968,100	1,470.08	1,470.08
Latvian Evangelical Lutheran Church in America	2,200	2,380	380,000	172.72	159.66
Lutheran Church–Canada	60,760	80,240	5,800,000	95.45	72.28
Mennonite Brethren Churches, Canadian Conference of	27,288	27,288	35,088,863	1,285.87	1,285.87
Mennonite Church (Canada)	9,779	9,779	11,263,513	1,151.80	1,151.80
Moravian Church in America, Northern Province, Canadian District	1,482	2,157	939,214	633.74	435.42
North American Baptist Conference	15,825	15,825	18,439,364	1,165.20	1,165.20
Presbyterian Church in America (Canadian Section)	538	886	754,115	1,401.70	851.14
The Presbyterian Church in Canada	156,513	245,883	70,529,716	450.63	286.84
Reformed Church in Canada	4,129	6,831	5,285,653	1,280.12	773.77
Russian Orthodox Church in Canada, Patriarchal Parishes	6,000	7,000	310,800	51.80	—
Seventh-day Adventist Church in Canada	40,047	40,047	46,135,253	1,152.02	1,152.02
United Baptist Convention of the Atlantic Provinces	65,346	65,346	29,965,013	458.55	458.55
The Church of the United Brethren in Christ, Ontario Conference	864	864	886,387	1,025.91	1,025.91
The United Church of Canada	808,441	2,049,923	243,168,533	300.78	118.62
The Wesleyan Church	4,925	5,143	8,023,384	1,629.11	1,560.05
Wisconsin Evangelical Lutheran Synod	907	1,357	634,611	699.68	467.65
Total Canada	**2,017,723**	**3,807,851**	**$918,453,620**	**$455.19**	**$241.20**

SOURCE: National Council of Churches

Giving Slows to Protestant Denominations

By VINCE STEHLE

Two new studies show a slowdown in giving to Protestant churches:

► Total giving to the churches failed to keep pace with inflation in 1990, according to the 1992 edition of the *Yearbook of American and Canadian Churches*, which was released last month. Giving rose 3.7 per cent in 1990 while inflation was 6.1 per cent.

► For the first time since 1975, contributions per member failed to keep pace with inflation, rising just to $408 in 1990, a 4-per-cent increase, according to a report by Empty Tomb, a research group in Champaign, Ill.

The *Yearbook* said that the increase in contributions to Protestant churches in 1990 was down from the previous year, when contributions rose 5.4 per cent, ahead of the 4.1-per-cent rate of inflation.

While the sluggish growth in donations may be attributed to the recession, which began in 1990, the Empty Tomb survey found that religious contributions do not usually decline when the economy dips. In 1974, 1980, and 1982—all recession years—per-member giving rose by more than the rate of inflation, according to Empty Tomb. In contrast, gifts to churches have sometimes decreased in years when the economy has been thriving.

Since 1968, the first year included in the Empty Tomb survey, the average amount given by church members increased every year, rising from $92.78 per member in 1968 to $408.47 in 1990.

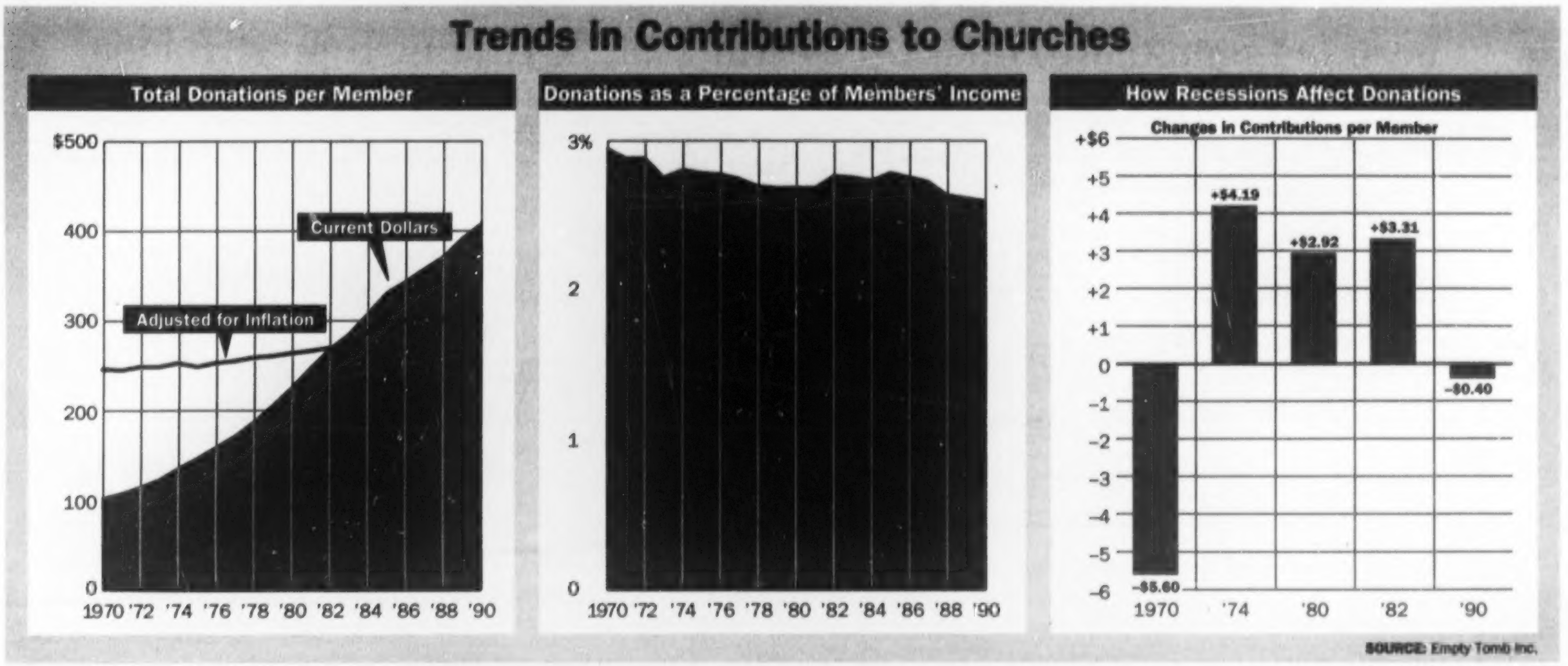
However, in constant 1982 dollars, per-member giving dropped in 1970, 1971, 1975, and 1990. The report did not contain any speculation about what contributed to those declines.

The 22-year inflation-adjusted increase was 23 per cent, from $247.40 in 1968 to $305.51 in 1990. (The survey used 1982 as a base year to make its figures consistent with the way in which federal-government data are analyzed.)

Over the years, as total contributions per church member increased, the portion going for local church operations rose, while the share used to support missionary work, national and regional denominational offices, and ecumenical activities fell. As a result, in constant dollars, contributions to local congregations increased from $194.32 per member in 1968 to $252.38 in 1990, while per-member giving to support other activities barely rose, from $53.08 to $53.13.

Losing Touch With Rank and File

Religion experts say that a variety of factors have led local congregations to retain a larger share of contributions for their own use. Some say that local church members and ministers feel that national and regional denominational offices have lost touch with the interests and needs of rank-and-file church members. Others say that most churchgoers think of themselves only as members of their lo-



SOURCE: Empty Tomb Inc.

CHRONICLE CHART BY HOLLY HORNER

cal congregations, not as members of national denominations.

But many experts say that the shrinking share of church contributions used to support non-congregational activities—known as benevolence giving—is simply a function of increasing financial need at the local level. They say that more churches are involved in delivering health care, education, and other social services than ever before, and that the cost of staff salaries and health benefits has been growing rapidly, forcing churches to channel fewer donations to support national and international activities.

Smaller Share of Incomes

Even though total gifts to churches have increased over the last two decades, people have been giving religious institutions a smaller portion of their incomes, according to the Empty Tomb study. In 1969, church members gave 3.06 per cent of their after-tax income to their congregations. But by 1990, per-member gifts represented just 2.6 per cent of personal income.

The authors of the Empty Tomb report contend that churches are getting a smaller piece of the economic pie today because religious institutions no longer play a dominant role in society.

"Religion has been the main guardian of basic moral values in society, but that is breaking down," said Sylvia Ronsvalle, who wrote the report with her husband, John Ronsvalle.

Shrinking Memberships

For some denominations, getting a smaller share of their members' income is only half the problem. Many denominations, especially mainline Protestant churches, have also seen their memberships shrink as well. For example, in 1990, the United Church of Christ lost about 27,000 members, according to the *Yearbook*. The same year, membership in the Presbyterian Church (U.S.A.) dropped by about 39,000.

Other Protestant faiths have faced the problem of declining membership for many years, and in some cases, decades. The most recent census of church membership, conducted in 1990 by the Association of Statisticians of American Religious Bodies and released last month, shows that several denominations contracted sharply between 1980 and 1990. But it also showed that some churches grew rapidly at the same time.

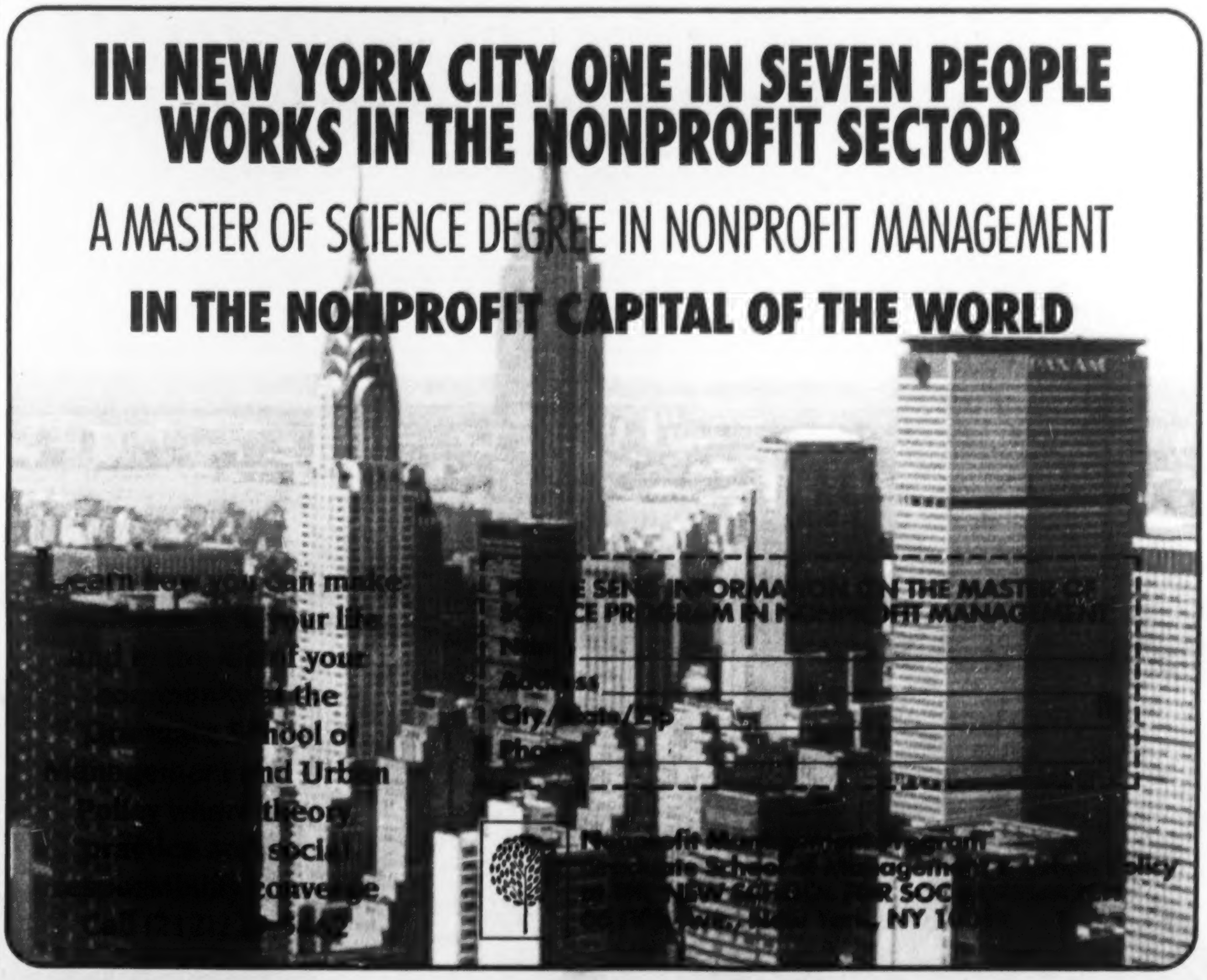
A group of 11 mainline Protestant denominations associated with the National Council of Churches, for example, saw their combined membership decline by 5.7 per cent, from 30,729,516 to 28,970,791, according to the study. During that time, membership in the Episcopal Church fell by 13.4 per cent, from 2.8 million to 2.4 million, and membership in the Christian Church (Disciples of Christ) declined by 14.4 per cent, from 1.21 million to 1.04 million.

By contrast, the 1980's was a decade of growth for many conservative, evangelical denominations. For example, a group of 22 churches associated with the National Association of Evangelicals increased their combined membership by 25.7 per cent from 1980 to 1990. Among the denominations that grew the fastest, membership in Assemblies of God churches rose by more than 34 per cent, from 1.61 million to 2.16 million.

Copies of the *Yearbook of American and Canadian Churches* are available for $29.95 each from Abingdon Press, Customer Service, Box 801, Nashville 37202; (800) 251-3320. Customers must also pay postage and handling, which varies from state to state.

Copies of "The State of Church Giving Through 1990" will be available after August 17 from Empty Tomb, Box 2404, Champaign, Ill. 61825-2404. The cost is $10, including postage.

Copies of the 1990 church census, "Churches and Church Membership in the United States 1990: An Enumeration by Region, State and County on Data Reported for 133 Church Groupings" are available from the Glenmary Research Center, 750 Piedmont Avenue, Atlanta 30308; (404) 876-6518. The cost is $36, including shipping and handling.


IN NEW YORK CITY ONE IN SEVEN PEOPLE WORKS IN THE NONPROFIT SECTOR
A MASTER OF SCIENCE DEGREE IN NONPROFIT MANAGEMENT
IN THE NONPROFIT CAPITAL OF THE WORLD

Assets of Community Funds Up 19% in Year; N.Y. Trust Tops $1-Billion

The assets of the nation's community foundations grew by about 19 per cent last year, rising from $6.7-billion in 1990 to more than $8-billion, according to a survey to be released this week by the Columbus Foundation in Ohio.

The gains came almost equally from the amount the funds received from donors—$615-million, a $15-million increase over 1990—and from the increase in value of their investments.

Community foundations raise money and make grants in their local areas.

The Columbus Foundation based its estimates for national trends on data from 137 community foundations. It estimated that those funds hold 95 per cent of all community-foundation assets but account for fewer than one-third of all such foundations.

Last year, the foundations participating in the survey gave out about $525-million in grants, an increase of almost 12 per cent over 1990.

The New York Community Trust became the first community foundation whose assets reached the $1-billion mark.

Among the survey's other findings:

Assets. Nineteen community foundations, four more than last year, have more than $100-million each in assets—for a total of $5-billion when combined. They account for 60 per cent of the total assets held by community foundations. A decade ago, only four community foundations each had more than $100-million in assets.

Gifts received. Although total giving to the funds increased last year, fewer foundations brought in more than $10-million. Seventeen received gifts of $10-million or more, two less than last year. Five each received total gifts of $20-million or more, three less than in 1990. The Rhode Island Foundation brought in the most, $46-million.

Grants. Eleven community foundations, the same number as last year, each made grants totaling $10-million or more. They were led by the New York Community Trust, which gave away $68-million.

Copies of the survey results may be obtained free from the Columbus Foundation, 1234 East Broad Street, Columbus, Ohio 43205.

—ELIZABETH GREENE

3 Rankings of the Top 50 Community Foundations

In Market Value of Assets	
1. New York Community Trust	$1,030,579,664
2. Cleveland Foundation	693,600,858
3. Marin Community Foundation (Cal.)	500,628,000
4. Chicago Community Trust	338,066,400
5. Boston Foundation	252,417,064
6. San Francisco Foundation	243,550,000
7. Communities Foundation of Texas	212,690,522
8. Hartford Foundation for Public Giving (Conn.)	209,463,887
9. Saint Paul Foundation	205,231,952
10. Columbus Foundation (Ohio)	199,305,786
11. Pittsburgh Foundation	179,969,889
12. Rhode Island Foundation	174,319,944
12. Minneapolis Foundation	148,999,530
13. Hawaii Community Foundation	140,143,781
15. California Community Foundation	110,105,808
16. New Haven Foundation (Conn.)	109,692,504
17. Kalamazoo Foundation (Mich.)	107,355,981
18. Milwaukee Foundation	105,612,992
19. Greater Cincinnati Foundation	104,471,949
20. Metropolitan Atlanta Community Foundation	91,211,040
21. Amarillo Area Foundation (Tex.)	91,096,212
22. Indianapolis Foundation	89,171,884
23. Fremont Area Foundation (Mich.)	82,760,140
24. Philadelphia Foundation	76,185,532
25. Oregon Community Foundation	75,194,239
26. Oklahoma City Community Foundation	73,000,000
27. New Hampshire Charitable Foundation	67,595,763
28. Winston-Salem Foundation (N.C.)	63,960,015
29. Foundation for the Carolinas (N.C.)	61,483,187
30. Peninsula Community Foundation (Cal.)	55,827,828
31. Greater Kansas City Community Foundation (Mo.)	50,538,962
32. Community Foundation for Southeastern Michigan	49,722,829
33. Grand Rapids Foundation (Mich.)	48,949,704
34. Dayton Foundation (Ohio)	48,768,569
35. Stark County Foundation (Ohio)	46,946,887
36. San Diego Community Foundation	45,933,603
37. Seattle Foundation	43,754,272
38. Louisville Community Foundation (Ky.)	43,091,359
39. Buffalo Foundation (N.Y.)	42,104,934
40. Greater Kanawha Valley Foundation (W.Va.)	39,819,915
41. Norfolk Foundation (Va.)	38,906,091
42. Youngstown Foundation (Ohio)	37,898,367
43. Santa Barbara Foundation (Cal.)	36,952,381
44. Community Foundation of Greater Memphis	34,500,000
45. Arizona Community Foundation	33,000,000
46. Rochester Area Foundation (N.Y.)	29,669,156
47. Greater Birmingham Foundation (Ala.)	29,292,165
48. Baltimore Community Foundation	28,847,709
49. Greater Worcester Community Foundation (Mass.)	28,147,638
50. Denver Foundation	27,447,157

In Grants Paid	
1. New York Community Trust	$68,139,252
2. Cleveland Foundation	32,922,727
3. Chicago Community Trust	27,889,184
4. Marin Community Foundation (Cal)	25,863,000
5. San Francisco Foundation	22,145,546
6. Communities Foundation of Texas	17,502,807
7. Boston Foundation	16,980,716
8. Columbus Foundation (Ohio)	15,365,859
9. Hartford Foundation for Public Giving (Conn.)	13,896,907
10. Louisville Community Foundation (Ky.)	11,747,058
11. Saint Paul Foundation	11,673,320
12. Greater Kansas City Community Foundation (Mo.)	9,793,114
13. Metropolitan Atlanta Community Foundation	9,452,894
14. Minneapolis Foundation	9,024,843
15. California Community Foundation	8,766,817
16. Oregon Community Foundation	8,689,884
17. Dayton Foundation (Ohio)	7,465,131
18. Greater Cincinnati Foundation	6,804,570
19. Hawaii Community Foundation	6,748,767
20. Rhode Island Foundation	6,742,264
21. Kalamazoo Foundation (Mich.)	6,474,680
22. Amarillo Area Foundation (Tex.)	6,443,869
23. Pittsburgh Foundation	6,193,395
24. Milwaukee Foundation	6,083,000
25. Winston-Salem Foundation (N.C.)	5,854,110
26. Foundation for the Carolinas (N.C.)	5,221,572
27. Philadelphia Foundation	5,107,050
28. Midland Foundation (Mich.)	4,958,902
29. New Haven Foundation (Conn.)	4,616,588
30. Community Foundation of Greater Memphis	4,519,188
31. New Hampshire Charitable Foundation	4,482,504
32. Seattle Foundation	4,244,224
33. Dade Community Foundation (Cal.)	3,949,758
34. Indianapolis Foundation	3,329,196
35. Grand Rapids Foundation (Mich.)	3,282,231
36. Community Foundation for Southeastern Michigan	3,215,179
37. Peninsula Community Foundation (Cal.)	3,194,462
38. Toledo Community Foundation (Ohio)	3,151,812
39. Rochester Area Foundation (N.Y.)	2,973,097
40. Community Foundation of Greater Flint (Mich.)	2,927,921
41. San Diego Community Foundation	2,918,173
42. Oklahoma City Community Foundation	2,800,000
43. Santa Barbara Foundation (Cal.)	2,750,000
44. Greater Kanawha Valley Foundation (W.Va.)	2,690,343
45. Jacksonville Community Foundation (Fla.)	2,565,407
46. Foundation for the National Capital Region (D.C.)	2,504,821
47. Buffalo Foundation (N.Y.)	2,381,584
48. Youngstown Foundation (Ohio)	2,320,432
49. Central New York Community Foundation	2,237,662
50. Baltimore Community Foundation	2,125,000

In Gifts Received	
1. Rhode Island Foundation	$46,530,380
2. Cleveland Foundation	26,204,763
3. Communities Foundation of Texas	21,794,492
4. New York Community Trust	21,133,964
5. Hawaii Community Foundation	20,787,436
6. Hartford Foundation for Public Giving (Conn.)	18,592,265
7. Columbus Foundation (Ohio)	18,142,453
8. Pittsburgh Foundation	17,186,417
9. Chicago Community Trust	16,905,587
10. Saint Paul Foundation	16,868,533
11. Louisville Community Foundation (Ky.)	16,768,302
12. San Francisco Foundation	15,796,975
13. Dayton Foundation (Ohio)	13,083,556
14. Greater Kansas City Community Foundation (Mo.)	12,329,674
15. Community Foundation for Southeastern Michigan	11,929,492
16. Tucson Community Foundation (Ariz.)	10,853,311
17. Oregon Community Foundation	10,101,287
18. Milwaukee Foundation	9,628,640
19. Indianapolis Foundation	9,393,087
20. Community Foundation of Greater Memphis	9,131,231
21. New Hampshire Charitable Foundation	9,091,280
22. Fort Wayne Community Foundation (Ind)	9,079,081
23. Community Foundation of Santa Clara County (Cal.)	8,592,857
24. Marin Community Foundation (Cal.)	8,300,000
25. Minneapolis Foundation	8,278,775
26. California Community Foundation	8,176,281
27. Greater Cincinnati Foundation	8,153,322
28. Kalamazoo Foundation (Mich.)	7,295,235
29. Boston Foundation	7,101,825
30. Foundation for the Carolinas (N.C.)	6,810,501
31. Metropolitan Atlanta Community Foundation	6,515,066
32. Buffalo Foundation (N.Y.)	5,316,445
33. San Diego Community Foundation	5,212,184
34. Foundation for the National Capital Region (D.C.)	5,011,127
35. Jacksonville Community Foundation (Fla.)	4,741,217
36. Rochester Area Foundation (N.Y.)	4,735,697
37. Dade Community Foundation (Fla.)	4,691,064
38. Community Foundation of Western North Carolina	4,549,424
39. Seattle Foundation	4,082,179
40. Midland Foundation (Mich.)	4,007,450
41. Baltimore Community Foundation	3,864,000
42. Greater Tacoma Community Foundation (Wash.)	3,841,209
43. Peninsula Community Foundation (Cal.)	3,757,885
44. Meriden Foundation (Conn.)	3,408,838
45. Winston-Salem Foundation (N.C.)	3,393,594
46. Puerto Rico Community Foundation	3,390,186
47. Community Foundation of Greater Flint (Mich.)	3,258,012
48. Trident County Foundation (S.C.)	3,227,343
49. Greater Richmond Community Foundation (Va.)	3,224,953
50. Oklahoma City Community Foundation	3,200,000

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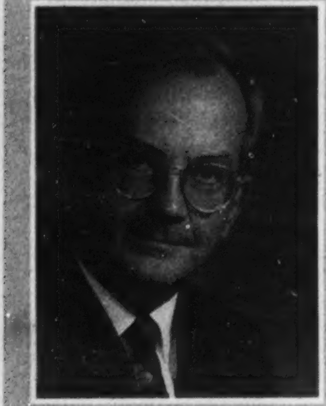
What Some Foundation Chiefs Get Paid



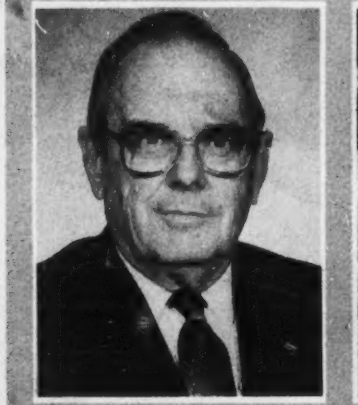
Michael. S. Joyce
Lynde and Harry Bradley Foundation
$306,091

Thomas W. Lambeth
Z. Smith Reynolds Foundation
$106,000

Steven A. Minter
Cleveland Foundation
$146,000

John M. Mutz
Lilly Endowment
$258,000

Terry T. Saario
Northwest Area Foundation
$154,243



Russell G. Mawby
W. K. Kellogg Foundation
$350,000

Anna Faith Jones
Boston Foundation
$159,038

Harold M. Williams
J. Paul Getty Trust
$509,011

Drew E. Altman
Henry J. Kaiser Family Foundation
$201,390

Douglas Nelson
Annie E. Casey Foundation
$191,201

For salaries at the 100 biggest foundations, see Page 28.

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SUSAN MUNIAK, FOR THE CHRONICLE

New Leader for United Way

Elaine L. Chao (*above*), director of the Peace Corps, is the new president of United Way of America, which has undergone six months of turmoil. Story on Page 19.

Relief Groups Battle Crises

Relief groups are struggling to cope with the effects of two crises: famine in Somalia and Hurricane Andrew in Florida and Louisiana. Stories on Pages 6 and 7.

A complete guide to this issue appears on Page 3.

A Typical Foundation Chief Earns $75,000, but Big Funds Pay Substantially More

By KRISTIN A. GOSS
and JENNIFER MOORE

Among the nation's 100 largest foundations, 37 pay their chief executives more than $200,000 in salary and benefits, according to a survey by *The Chronicle*.

Thirteen foundations pay their chiefs more than $300,000; seven pay more than $400,000; and three pay more than $500,000. Only six of the foundations with a full-time paid chief executive pay that person less than $100,000 in total compensation.

The median salary for the top-paid employee, usually the foundation's president or chief executive officer, is $155,000. The median is the point at which half make more and half make less.

By comparison, a survey of 484 foundations of all sizes, released last week by the Council on Foundations, found that the typical president will earn $75,000 this year. But among different types of foun-

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A guide for the busy reader

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About Fund Raising

19 United Way of America has named Elaine Chao, director of the Peace Corps, as its new president.

21 A case now being tried in U.S. Tax Court may give some clues about the Internal Revenue Service's plans to crack down on misconduct in fund raising.

22 Rates for "flats"—large-size mail pieces—sent by non-profits will rise next month.

23 Fund raisers continue to debate how deeply they should delve into the backgrounds of potential donors. A new code of ethics for such research doesn't go far enough, say some critics.

22 Independent Charities of America, an on-the-job fund-raising group, posted a 42-per-cent increase in pledges in 1991.

22 The American Cancer Society, which has always relied on small gifts, has established a foundation to seek large donations.

22 The former tennis star Arthur Ashe is seeking to raise $5-million to fight AIDS through a new charity he has created.

22 Nearly 200 writers will give readings this month to raise money for Share Our Strength, a group that fights hunger, homelessness, and illiteracy.

24 Ideas: An airline magazine helps charities raise money; a Georgia library turns overdue-book fines into donated food for the hungry.

11 The Rockefeller family has named a new philanthropic adviser and the Council for Aid to Education, a new president.

22 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Gifts and Giving

6 Charities and foundations are struggling to respond to the needs of thousands of people left destitute in the aftermath of Hurricane Andrew.

7 Recent press attention has stimulated an increase in giving to battle the famine in Somalia, but relief groups say they still have major hurdles to overcome.

11 An alumnus has sued Glassboro State College, challenging its plans to change its name to honor a $100-million donor.

12 The author James Michener has given $15-million to the University of Texas; other recent gifts.

About Volunteers

8 A new organization is encouraging young people to volunteer to aid local charities and, in the process, give kids a greater appreciation of the diversity of their communities.

12 Points of Light 850 to 877 were named by the Bush Administration.

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About Grant Makers

1 The average foundation president makes about $75,000, but much higher salaries are common at the biggest funds.

26 Setting foundation salaries requires a balancing act between the need to compete for talent with the charitable purpose of the institutions.

31 Most large foundations complied willingly with a request for copies of their informational tax returns.

11 Two reports have called on foundations to support research on the environmental impact of such trends as world population growth and free trade.

11 Foundations that make grants to aid women and girls gave some of their money to projects that benefit lesbians, according to a study.

13 Recent grants by foundations, corporations, and other grant makers.

14 Summaries of annual reports from the McKnight, Samuel Roberts Noble, and US West Foundations and the Lila Wallace–Reader's Digest Fund.

Of Special Interest to Board Members

36 **The real lesson of the United Way of America scandal is that the old formula for board leadership needs a complete overhaul, says one expert (My View).**

26 **In setting salaries, foundation trustees must balance competitive pressures in the job market with the charitable nature of their institutions.**

About Managing Non-Profits

25 A public-service announcement has increased donations of used computer equipment to non-profits that help the disabled.

32 The Boy Scouts of America's policy barring homosexuals from membership has drawn support from the Republican Party.

32 Chief executives of health and social-welfare organizations earn an average of $127,300, according to a new survey.

33 Reports on charities by the National Charities Information Bureau.

Also in This Issue

36 **Opinion:** John Carver on the need for a complete overhaul of non-profit boards in the wake of the United Way of America scandal; Craig Kennedy on why philanthropy ought to do something about the federal deficit.

36 **Letters** on selecting a new president of United Way of America, solicitation of private gifts by government agencies, the lessons of closing Action for Children's Television, foundations' treatment of grant seekers, and holding non-profits accountable.

33 **Tax Watch:** A California court upheld a YMCA's property-tax exemption; the IRS and Tax Court ruled on tax-exempt and charity status for three groups; and a couple's tax deduction for a donation was denied.

24 **Books:** Summaries of recent books on philanthropy, fund raising, and non-profit management.

24 **Reading list:** Books on how to raise money and obtain in-kind donations from corporations.

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MANAGING

Governance and Regulation

Typical Foundation Chief Earns $75,000, but Big Funds Pay Much More

Continued from Page 1

dations, salary levels varied enormously. At private foundations with more than $1-billion in assets, for example, the average chief executive's salary is $289,600; at community foundations with less than $10-million in assets, the average chief's salary is $41,500, according to the council.

Except at corporate funds, raises given to foundation presidents did not keep pace with inflation, the survey found.

The *Chronicle* survey, based on informational tax returns, revealed a large gap between what the top 100 foundations paid their most highly compensated officials and their second-ranking employees. That difference was typically about $60,000.

The median amount of benefits for top-paid employees was $20,025.

Among the highest-paid foundation chiefs:

► Howard B. Keck, chairman and chief executive officer of the W. M. Keck Foundation in Los Angeles, received $624,500 from the foundation and a related trust in 1991.

► Harold M. Williams, president of the J. Paul Getty Trust in Santa Monica, Cal., earned $509,011, plus $13,351 for an expense account and other allowances. The trust operates seven arts institutions, including the J. Paul Getty Museum, and gives scholarships in the arts and humanities.

Most big foundations willingly supplied their tax returns: Page 31.

► Franklin A. Thomas, president of the Ford Foundation in New York, earned $457,687, plus $87,568 in benefits and other allowances.

► David A. Hamburg, president of the Carnegie Corporation of New York, earned $400,000, plus $99,497 in benefits. Dr. Hamburg's benefits consisted of contributions to a retirement plan, as well as health, life, major medical, and dental insurance—the same benefits given all Carnegie employees, according to Jeanmarie C. Grisi, the foundation's treasurer.

► William G. Bowen, president of the Andrew W. Mellon Foundation in New York, earned $413,485, plus $30,000 in benefits.

► Thomas W. Langfitt, president of the Pew Charitable Trusts, received $564,214, plus $56,648 in benefits, for his duties last year as president of the board of the trusts and as president of the Glenmede Corporation, which controls a for-profit trust company that manages the Pew funds and money for about 400 clients. About half of Dr. Langfitt's compensation, which included more than $193,000 in Glenmede stock, is for his half-time duties at the Pew trusts, according to Al Piscopo, Glenmede's chief financial officer. Rebecca W. Rimel, the

Setting—and Policing—Foundation Salaries Is Still More Art Than Science

For foundations, deciding how much to pay top staff members is far from an exact science—one that can draw both harsh criticism and an impassioned defense, especially when those salaries are high.

For the Internal Revenue Service, deciding whether foundation officials are paid too much is an equally imprecise task.

Foundation officials say they occupy a unique niche: Their jobs are often as complex as those of chief executives of multimillion-dollar corporations, but their domain is a charitable institution subsidized by the public through a tax exemption. That means that trustees who set pay scales must balance market forces that have created stiff competition for talented executives with the foundation's charitable mission to enrich society, not employees.

Many grant seekers—and even some grant makers—grumble about $300,000 and $400,000 salaries paid to the presidents of some of the largest private foundations.

"It's morally outrageous," declares Rita Addessa, executive director of the Philadelphia Lesbian and Gay Task Force.

'You Have to Pay for the People You Want'

"When I look at the non-profit field, my gut reaction is it's too much," says William S. White, chairman and chief executive officer of the Charles Stewart Mott Foundation in Flint, Mich. "But I thoroughly understand why it's done." Mr. White's salary is $225,000 this year.

Given foundations' needs for good stewardship and management, he says, "you have to pay for the people you want. You'd rather have your No. 1 choice in the job than not, and that's how you're going to come out."

Others see foundations' pay scales as a symbolic expression of their guiding philosophy.

"The values of an organization are not determined by what one says but by how one spends money," says Rich Male, executive director of the Community Resource Center, a Denver charity that provides technical assistance to grassroots groups. "If you're a foundation that claims to support grassroots activity and community revitalization and are paying salaries in a market like Denver in excess of $125,000, I think that's excessive, especially when you can get extremely qualified people for a lot less."

But foundation officials defend their wage scales.

"I don't think it's an overpaid field," says Michael S. Joyce, president of the Lynde and Harry Bradley Foundation in Milwaukee, who earned $355,920 in salary and benefits last fiscal year. "I've met a lot of immensely talented people who, were they in the for-profit sphere, would be doing far better in simple financial terms."

Guidance From Consultants and a Survey

A number of factors go into salary decisions: the background and education level of a president, the responsibilities he or she will have, the geographical region in which the foundation is located, the extent to which the foundation official uses his or her professional expertise in the job (as a physician would at a medical foundation), and other job offers that the person might have received.

"People tend to say, 'Isn't it awful, here is charitable money, and here is this huge salary this guy's making,' " says Hale Champion, former chairman of the Henry J. Kaiser Family Foundation. "But they don't take a look at the whole issue of supply and demand."

Many foundations hire an outside consultant to help set pay, and many also get guidance from an annual salary survey conducted by the Council on Foundations. That survey provides detailed salary information for more than 30 common foundation jobs, as well as breakdowns by asset size and geographic location.

Several foundations—including the Koret and Kresge Foundations and the Bradley fund—say they have done their own surveys of local or similar-size foundations to guide them in setting salaries.

Ray P. Foote, Jr., managing partner in the Greenwich, Conn., office of Heidrick & Struggles, an executive-search firm, says that what foundations pay their presidents depends "on the role the foundation sees itself playing, broadly speaking, and the peers among which it wants its president or director or chief executive to be."

"If a foundation sees itself as a leader in the foundation world—like a Rockefeller Foundation or a Ford Foundation, one of the megas—the role they would see that president playing might be a more global role," Mr. Foote says.

He says that more and more foundations are offering housing allowances to lure prospective senior officials.

At Kresge, Alfred H. Taylor, Jr., the foundation's chairman, says that the compensation committee aims to have its officers' salaries fall into the bottom of the highest quartile or the top of the second quartile of salaries paid by other large private foundations. "We do not want to be a leader; we do want to be competitive," he says. "We think that reflects well on this foundation: that we aren't going to be excessive, but we are still going to be able to attract good people."

"Running a five- or six-billion-dollar foundation with several hundred staff people is tough business," says Mr. Taylor, who earned $256,667 last year. "People in the non-profit arena better be compensated appropriately or these organizations won't be well run."

But Mr. Male and others question the standards by which pay is set. "I wonder how the compensation is tied into actual performance," he says. "I wonder how closely the private foundations are scrutinized on the same level that private foundations want non-profits to be scrutinized."

Little Evidence Found by U.S.

The federal government has looked into the issue of whether foundations pay too much and has found little evidence that they do.

Prompted by Congressional concern about possible profligacy, the Treasury Department in 1985 un-

Continued on Page 30

trusts' full-time executive director, earned $195,862, plus $31,507 in benefits.

The Chronicle's data were taken from the most recent Form 990-PF tax returns, generally for the 1991 fiscal year. The top 100 foundations, as ranked by the Foundation Center, had $78.4-billion in assets and made $2.8-billion in grants. Their individual endowments ranged from $184.8-million to $6.3-billion.

The foundations with the highest chief executive's salary as a percentage of grants paid were the Samuel Roberts Noble Foundation (3.9 per cent), the Sarah Scaife Foundation (2.8 per cent), and the Surdna Foundation (2.7 per cent).

Both the council and *Chronicle* surveys found that chief investment officers typically made more than their counterparts in a foundation's program division. That is because many foundations, particularly those that manage their assets internally, pay their investment officers wages that are competitive with corporate salaries. Some financial officers' salaries are augmented by bonuses based on investment performance.

Differences by Size and Geography

The annual compensation survey by the Council on Foundations was based on salary information provided in February by philanthropies with at least one full-time paid staff member. The foundations in the survey held assets of more than $53-billion and made $3-billion in grants last year.

The survey provides salary information for numerous clerical and professional positions at private, community, and operating foundations, corporate grant makers, and public foundations, such as women's funds, which raise money annually for distribution to charities.

This year's study showed vast differences in the salaries paid by large and small foundations and by grant makers in different geographic regions.

The median salary paid to foundation chief executives rose to $75,000 this year, from $70,600 in 1991, an increase of 2 percentage points after adjusting for inflation. Over the past 12 years, the study showed, salaries paid to presidents of private and corporate foundations increased far more sharply than salaries paid to leaders of community and public foundations. Among the findings:

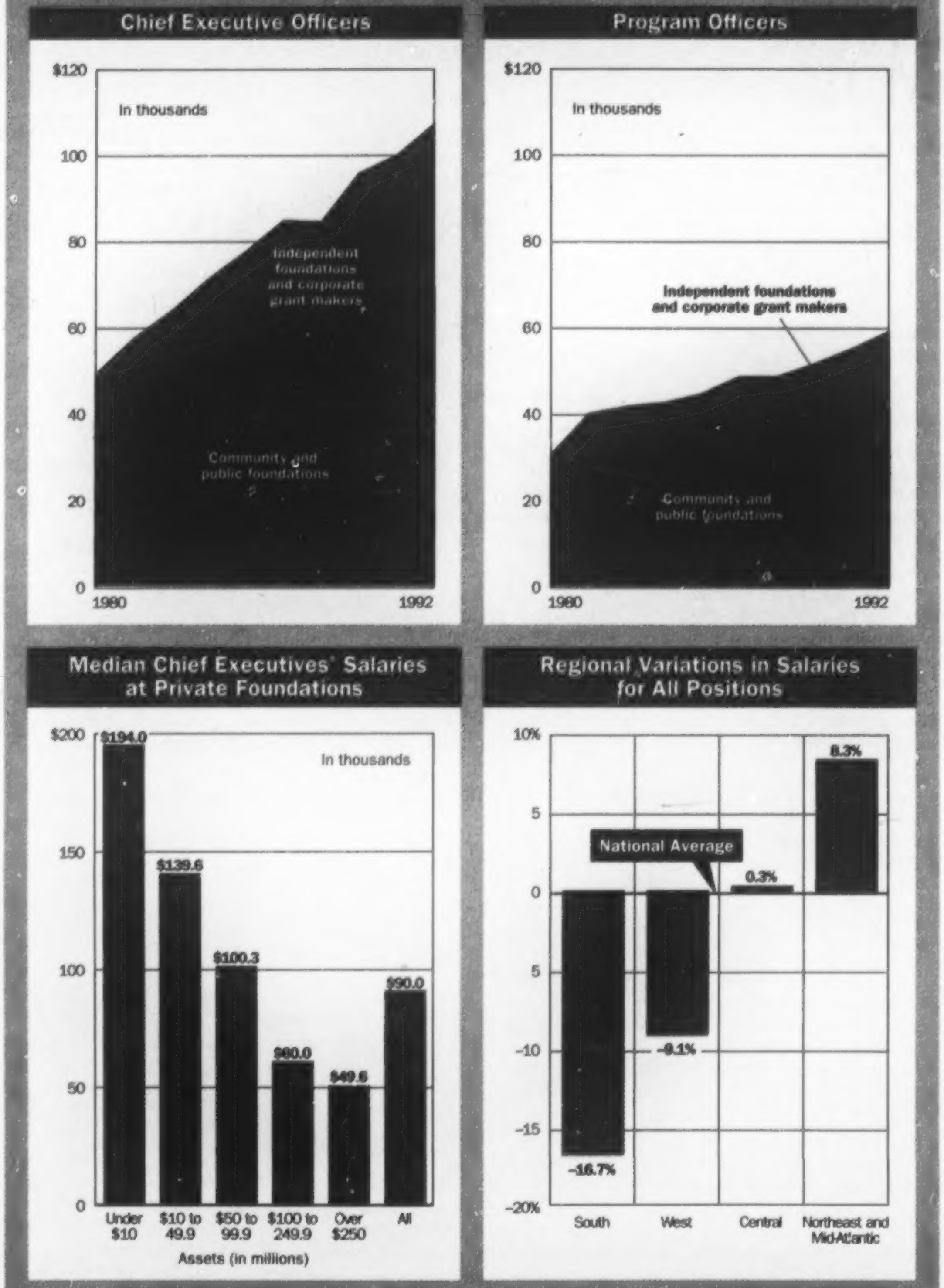
► Private-foundation presidents had a median salary of $90,000, compared to $87,500 last year—an inflation-adjusted drop of 1.3 per cent. Those who head private foundations with assets of less than $10-million earned an average of $58,100. At foundations with $250-million or more in assets, the average president's salary was $212,900. Even among similar-size institutions, the council found a wide range. For foundations with assets of at least $250-million, for example, presidential salaries ranged from $73,900 to $430,000.

► Corporate-foundation chiefs were the only presidents receiving increases that surpassed the rise in the cost of living. Their median salary was $86,700 in 1992, up from $67,500 the year before, for a 23-per-cent inflation-adjusted increase. The council attributed that rise to the tendency of corporate grant makers' salaries to be tied to corporate pay scales and performance goals. The study found that more than two-thirds of corporate foundations paid performance bonuses to their professional staff members, while just one-fifth of other foundations did so.

► Over all, the study indicated that private and corporate grant makers had fared well since 1980. The average salary for those presidents was $106,000, up from $54,000 12 years ago—an increase of 15.1 per cent after accounting for inflation. The study did not offer

Continued on Page 28

Trends in Foundation Salaries



Median Salaries

	1991	1992 Current dollars	1992 Adjusted for inflation Amount	 Change
Community foundations				
Chief executive officers	$52,000	$54,000	$51,800	– 0.4%
Program officers	40,500	38,000	36,500	– 9.9
Corporate foundations				
Chief executive officers	67,500	86,700	83,200	+23.3
Program officers	44,500	40,000	38,400	–13.7
Independent and private operating foundations				
Chief executive officers	87,500	90,000	86,400	– 1.3
Program officers	53,900	56,500	54,200	+ 0.6
Public foundations				
Chief executive officers	72,800	73,300	70,300	– 3.4
Program officers	45,000	47,500	45,600	+ 1.3
All foundations				
Chief executive officers	70,600	75,000	72,000	+ 2.0
Program officers	50,000	53,000	50,900	+ 1.8

SOURCE: Council on Foundations

CHRONICLE CHART BY JOJO GRAGASIN

What Foundations Pay

Continued from Page 27

separate data for private and corporate salaries over the 12 years.

► Community foundation presidents had a median salary of $54,000, compared to $52,000 in 1991—a slight decrease after inflation. At the 15 largest community foundations—those with assets over $100-million—the median salary was $137,500. The council found salaries that ranged from $75,000 to $225,000 in that group. For community foundations with assets between $10-million and $50-million, the median salary was $60,500, less than half that paid to the heads of the larger funds.

► Public foundations paid their presidents a median salary of $73,300, compared to $72,800 last year, down 3.4 per cent after inflation. Salaries ranged from $30,000 to $215,000. All of those included in the council report had assets of less than $50-million.

► Since 1980, salaries paid to presidents of public and community foundations just edged out inflation. Their average salary was $65,800 this year, compared to $37,500 in 1980—a jump of 3.2 per cent after inflation.

► Foundation chiefs in the Northeast and Middle Atlantic States had the highest average salary—$102,900—while those in the South had the lowest—$76,200. Chief executives in the West earned an average salary of $83,800, while those in the central states earned $89,100. Variations in the cost of living and the local or regional labor market, as well as the uneven geographic distribution of large, well-paying foundations, all are likely to have contributed to the discrepancies.

Not All Get 6-Figure Salaries

Among the top 100 foundations, not all chief executives pulled down six-figure salaries, according to the *Chronicle* survey.

Josephine C. Mandeville, president and chief executive officer of the Connelly Foundation in West Conshohocken, Pa., earned $40,000 last year to oversee a fund with assets of $332-million.

Lyn Wallin Ziegenbein, executive director of the Peter Kiewit Foundation in Omaha, received $77,499, plus $13,791 in benefits, in 1990, the latest year for which information could be obtained.

Other foundation presidents on the lower end of the scale included:

► Edward M. Fjordbak, president of the Communities Foundation of Texas, who earned a salary of $90,271 in the 1991 fiscal year.

► Katherine B. Dobelman, executive director of the Brown Foundation in Houston, who earned a salary of $97,302.

► Norbert Dittrich, executive manager of the Robert A. Welch Foundation, also in Houston, who earned a $97,500 salary.

A good number of the top 100 foundations are run with little, if

PHOTO CREDITS FOR PAGE 1, LEFT TO RIGHT: B. ARTIN HAIG, Z. SMITH REYNOLDS FOUNDATION, DANIEL MILNER, LILLY ENDOWMENT, STEVE WOIT, W. K. KELLOGG FOUNDATION, BOSTON FOUNDATION, ALAN BERLINER, TIM BERGER, DON HAMERMAN.

Salaries of Top Officials at the 100 Largest Foundations

	Officials	Compensation	Benefits	Assets	End of fiscal year
Ford Foundation (New York)	Franklin A. Thomas, President[1]	$457,687	$67,685	$6,303,711,360	9/30/91
	John W. English, VP and Chief Investment Officer	435,100	68,084		
	Linda Strumpf, Director of Equity Investment	367,625	42,165		
W. K. Kellogg Foundation (Battle Creek, Mich.)	Russell G. Mawby, Chairman	350,000	30,000	5,396,889,094	8/31/91
	Norman A. Brown, President	200,000	30,000		
	Thomas Bruce, Program Director	147,800	21,759		
J. Paul Getty Trust (Santa Monica, Cal.)	Harold M. Williams, President[2]	509,011	0	5,251,845,004	6/30/91
	Joseph Kearns, Vice-President and Treasurer[3]	203,346	20,445		
	Linda Pinkerton, Secretary[4]	116,201	7,240		
Robert Wood Johnson Foundation (Princeton, N.J.)	Sidney F. Wentz, Chairman	275,000	2,075	4,085,941,388	12/31/91
	William C. Imhof, Chief Investment Officer	272,300	574		
	Steven A. Schroeder, President	230,000	886		
Lilly Endowment (Indianapolis)	Thomas H. Lake, Chairman	357,500	65,330	3,592,519,250	12/31/91
	John M. Mutz, President	258,000	36,978		
	William M. Goodwin, Secretary and Treasurer	149,827	29,460		
Pew Charitable Trusts (Philadelphia)	Thomas W. Langfitt, President[5]	564,214	56,648	3,388,154,827	12/31/91
	Rebecca W. Rimel, Executive Director	195,862	31,507		
	Michael Rubinger, Associate Executive Director	130,577	26,426		
John D. and Catherine T. MacArthur Foundation (Chicago)	Adele S. Simmons, President	282,065	67,069	3,197,541,190	12/31/90
	Lawrence L. Landry, Chief Financial Officer	220,538	60,692		
	James T. Griffin, General Counsel	194,838	54,469		
Rockefeller Foundation (New York)	Peter C. Goldmark, Jr., President[6]	377,500	42,411	2,171,548,237	12/31/91
	Kenneth Prewitt, Senior Vice-President	214,060	5,350		
	Hugh B. Price, Vice-President[7]	171,203	29,371		
Andrew W. Mellon Foundation (New York)	William G. Bowen, President	413,485	30,000	2,102,731,094	12/31/91
	T. Dennis Sullivan, Financial Vice-President	302,955	30,000		
	Neil L. Rudenstine, Executive Vice-PresidentP*[8]	164,964	24,000		
Robert W. Woodruff Foundation (Atlanta)	Charles H. McTier, President[9]	75,750	11,363	1,495,171,323	12/31/91
	P. Russell Hardin, Secretary and Treasurer[10]	50,500	7,575		
	J.W. Jones, Chairman[11]	34,560	0		
Kresge Foundation (Troy, Mich.)	Alfred H. Taylor, Jr., Chairman	256,667	n/a	1,422,418,786	12/31/91
	John E. Marshall, III, President	179,167	n/a		
	Thomas W. Herbert, Treasurer and VP	142,917	n/a		
Annenberg Foundation (St. Davids, Pa.)	Walter H. Annenberg, Chairman	150,000	n/a	1,302,778,581	6/30/91
	Kathleen Jamieson, Dean and Professor	139,853	41,257		
	Peter Clark, Professor	139,630	41,610		
Duke Endowment (Charlotte, N.C.)[12]	Billy G. McCall, Executive Director*	150,000	9,114	1,211,947,564	12/31/91
	Mary D. B. T. Semans, Chairman	112,567	0		
	Hugh M. Chapman, Vice-Chairman	112,567	0		
Charles Stewart Mott Foundation (Flint, Mich.)	Robert E. Swaney, Jr., VP & Chief Investment Officer	289,727	2,000	1,095,762,811	12/31/91
	William S. White, Chairman	202,592	2,000		
	Michael Smith, Investment Manager	166,567	2,000		
DeWitt Wallace–Reader's Digest Fund (New York)	M. Christine DeVita, President[13]	122,550	19,284	1,088,044,858	12/31/91
	Donna V. Dunlop, Program Director*	73,539	14,199		
McKnight Foundation (Minneapolis)	Michael O'Keefe, Executive Vice-President	200,612	27,330	1,067,628,987	12/31/91
	Marilyn Pidany, VP for Administration and Secretary	87,500	10,455		
	Carol Berde, Vice-President for Program	76,400	8,790		
New York Community Trust	Lorie A. Slutsky, President	189,700	n/a	1,030,579,664	12/31/91
	Karen Metcalf, VP for Financial Administration	107,000	n/a		
	Joyce M. Bove, VP for Grants and Special Projects	97,000	n/a		
Carnegie Corporation of New York	David A. Hamburg, President	400,000	99,497	981,014,472	9/30/91
	David Z. Robinson, Counselor to the President[1]	201,476	42,001		
	Barbara D. Finberg, Executive Vice-President	191,756	45,083		
Richard King Mellon Foundation (Pittsburgh)	Mason Walsh, Jr., Counsel	205,086	45,868	964,628,886	12/31/91
	Andrew W. Mathieson, Treasurer	161,172	44,218		
	George H. Taber, Vice-President	148,863	47,384		
Lila Wallace–Reader's Digest Fund (New York)	M. Christine DeVita, President[13]	94,950	14,678	821,550,514	12/31/91
	Jessica Chao, Program Director	73,539	14,539		
W. M. Keck Foundation (Los Angeles)	Howard B. Keck, Chairman	624,500	n/a	821,028,234	12/31/91
	Sandra Glass, Program Director	115,764	21,004		
	Joan Dubois, Program Officer	99,225	19,002		
Starr Foundation (New York)	T. C. Hsu, President	190,000	n/a	780,052,477	12/31/91
	Gladys R. Thomas, Vice-President	63,000	n/a		
Houston Endowment	H. J. Nelson, III, President	165,186	23,264	776,846,516	12/31/91
	Jo Murphy, Vice-President	163,256	14,601		
	Alvin R. Thigpen, Secretary	147,932	14,629		
Harry and Jeanette Weinberg Foundation (Baltimore)	Bernard Siegel, President	250,000	0	762,807,573	2/29/92
	Ted Gross, VP and Assistant Secretary	50,417	0		
William and Flora Hewlett Foundation (Menlo Park, Cal.)	Roger W. Heyns, President	180,000	42,305	752,712,800	12/31/91
	Marianne M. Pallotti, VP and Corporate Secretary	104,083	29,305		
	William F. Nichols, Treasurer	98,875	30,446		
Alfred P. Sloan Foundation (New York)	Ralph E. Gomory, President	292,500	0	727,641,989	12/31/91
	Arthur L. Singer, Vice-President	140,488	40,884		
	Stewart F. Campbell, Financial VP and Secretary	138,520	38,637		
David and Lucile Packard Foundation (Los Altos, Cal.)	Richard Behrman, Managing Director	189,150	37,483	718,175,870	12/31/91
	Colburn S. Wilbur, Executive Director	121,125	25,853		
	Jeffrey Leighton, Director of Finance	91,927	20,772		
Annie E. Casey Foundation (Greenwich, Conn.)	Douglas Nelson, Executive Director	191,201	16,173	666,840,353	12/31/91
	Kathleen Feely, Associate Director	120,185	12,441		
	Ira Cutler, Associate Director	120,067	10,713		

n/a Information not provided.

* No longer holds position.

[1] Also received $19,883 for expense account and other allowances.

[2] Compensation includes use of a car. Also received $13,351 for expense account and other allowances.

[3] Compensation includes use of a car and housing allowance.

[4] Compensation includes housing allowance.

[5] Compensation for serving as president of the foundation and Glenmede Corporation. Also includes $193,240 in Glenmede Corporation stock.

[6] Benefits include $27,120 for retirement supplement.

[7] Benefits include $25,000 bonus.

[8] Compensation for January-June 1991.

[9] Received total compensation of $116,600 as head of four related foundations.

[10] Received total compensation of $84,400 from four related foundations.

[11] Received total compensation of $49,335 from three related foundations.

[12] A total of 12 trustees received $112,567 each in compensation.

[13] Received total compensation of $217,500 from three related foundations.

	Officials	Compensation	Benefits	Assets	End of fiscal year
Howard Heinz Endowment (Pittsburgh)	Alfred W. Wishart, Jr., Executive Director[14]	69,717	2,351	629,894,770	12/31/91
	Jack E. Kime, Chief Financial Officer[15]	46,665	2,685		
James Irvine Foundation (San Francisco)	Dennis A. Collins, President	189,000	30,000	608,962,435	12/31/91
	Larry R. Fies, Treasurer and Corporate Secretary	138,500	27,700		
	Luz A. Vega, Director of Grants Program	86,250	17,250		
Knight Foundation (Miami)	Creed C. Black, President	247,584	n/a	605,039,445	12/31/91
	James Spaniolo, VP and Secretary	130,202	n/a		
	Timothy J. Crowe, Chief Financial Officer	92,892	n/a		
Freedom Forum (Arlington, Va.)[16]	Eugene C. Dorsey, Former President[17]	381,684	n/a	592,973,755	12/31/90
	Charles L. Overby, President	239,355	n/a		
	Gerald M. Sass, Senior Vice-President[18]	191,087	n/a		
Cleveland Foundation	Steven A. Minter, Director	146,000	18,538	573,012,252	12/31/90
	Susan N. Lajoie, Assistant Director	73,200	7,836		
	Philip T. Tobin, Treasurer	69,200	7,248		
Meadows Foundation (Dallas)	C. W. Meadows, Jr., President	204,704	24,146	558,831,722	12/31/91
	Sally Lancaster, Executive Vice-President	155,720	17,896		
	Robert E. Wise, VP and Treasurer	142,302	17,771		
Robert R. McCormick Tribune Foundation (Chicago)	Claude A. Smith, Executive Vice-President	110,000	17,376	550,665,389	12/31/91
	Neal Creighton, President	99,000	n/a		
J. E. and L. E. Mabee Foundation (Tulsa, Okla.)[19]	Joseph Hogard, Assistant Secretary	85,001	n/a	544,657,220	8/31/91
	John Conway, Trustee	23,000	n/a		
	John Cox, Trustee	23,000	n/a		
Joseph B. Whitehead Foundation (Atlanta)	Charles H. McTier, President[9]	24,600	3,690	520,538,063	12/31/91
	P. Russell Hardin, Secretary and Treasurer[10]	16,400	2,460		
	J. W. Jones, Chairman[11]	11,220	0		
Marin Community Foundation (Larkspur, Cal.)	Stephen Dobbs, President[20]	145,000	13,838	500,628,000	6/30/91
	Douglas Patiño, President*[21]	144,690	13,286		
	Mary K. McEachron, Associate Director and General Counsel	140,000	0		
Brown Foundation (Houston)	Katherine B. Dobelman, Executive Director	97,302	13,506	496,877,087	6/30/91
	Mary E. Oldham, Assistant Secretary	45,953	9,664		
	Deborah A. Marshall, Executive Assistant	34,050	2,003		
George Gund Foundation (Cleveland)[22]	David Bergholz, Executive Director	145,000	n/a	495,838,434	12/31/91
	Daniel E. Berry, Associate Director	80,250	n/a		
	Judith Simpson, Senior Program Officer	54,560	n/a		
Weingart Foundation (Los Angeles)[23]	Harry J. Volk, Chairman	172,000	14,941	477,826,421	6/30/92
	Charles Jacobson, President	131,100	44,931		
	Laurence Wolfe, Vice-President	121,850	45,370		
Conrad N. Hilton Foundation (Reno)	Donald H. Hubbs, President	228,333	25,555	457,415,744	2/29/92
	Patrick Modugno, Vice-President	101,507	11,673		
	Stephen M. Hilton, Vice-President	89,733	10,319		
Edna McConnell Clark Foundation (New York)	Peter D. Bell, President	240,670	29,369	430,642,840	9/30/91
	Patricia Carry Stewart, Vice-President	159,308	21,087		
	Peter W. Forsythe, Vice-President	150,579	19,473		
Bush Foundation (St. Paul)	Humphrey Doermann, President	190,000	25,830	428,332,547	11/30/91
	Stan Shepard, Senior Program Officer	109,833	13,805		
	Gerald Skogley, Business Manager	102,800	12,750		
Ahmanson Foundation (Beverly Hills, Cal.)	Robert H. Ahmanson, President	102,926	n/a	427,155,336	10/31/91
	Leonard E. Walcott, Jr., VP and Managing Director	87,927	n/a		
	Donald B. Stark, Treasurer	67,926	n/a		
Moody Foundation (Galveston, Tex.)	Robert E. Baker, Executive Administrator[24]	107,893	2,782	425,519,107	12/31/90
	Harold C. MacDonald, Comptroller	78,351	16,941		
	Douglas McLeod, Director of Development	75,781	8,746		
Horace W. Goldsmith Foundation (New York)	Robert R. Slaughter, Chief Executive	150,000	0	420,962,614	12/31/91
	James C. Slaughter, Managing Director	150,000	0		
	Robert Menschel, Managing Director	150,000	0		
Henry Luce Foundation (New York)	Robert E. Armstrong, President*	179,300	n/a	415,808,108	12/31/91
	Irwin Skolnick, Controller	98,000	n/a		
	Melissa S. Topping, VP and Secretary[25]	94,300	n/a		
Hall Family Foundations (Kansas City, Mo.)[26]	Donald J. Hall, Chairman	100	n/a	407,362,996	12/31/90
	William A. Hall, President	100	n/a		
	John A. MacDonald, VP and Treasurer	100	n/a		
Henry J. Kaiser Family Foundation (Menlo Park, Cal.)	Drew E. Altman, President[27]	201,390	139,387	406,117,069	12/31/91
	Bruce W. Madding, Vice-President	124,025	37,998		
	Hugh C. Burroughs, Vice-President	112,975	48,498		
William Penn Foundation (Philadelphia)	Bernard C. Watson, President	185,000	n/a	405,384,440	12/31/91
	Harry E. Cerino, Vice-President for Programs	109,872	n/a		
	Fran M. Coopersmith, Vice-President for Finance	89,572	n/a		
Longwood Foundation (Wilmington, Del.)[28]	Robert C. Barlow, Assistant Secretary	64,005	0	401,989,675	9/30/91
	Stephen A. Martinenza, Assistant Treasurer	33,885	0		
Joyce Foundation (Chicago)	Craig Kennedy, President*	137,500	0	398,421,376	12/31/91
	Linda K. Schelinski, Vice-President	63,000	0		
	Joel D. Getzendanner, Vice-President	62,000	0		
Samuel Roberts Noble Foundation (Ardmore, Okla.)	John F. Snodgrass, President*	272,100	5,975	387,739,488	10/31/91
	Michael A. Cawley, Executive Vice-President	175,667	0		
	M. K. Patterson, Vice-President	107,250	18,769		
Lynde and Harry Bradley Foundation (Milwaukee)	Michael S. Joyce, President	306,091	49,829	377,654,052	7/31/91
	Hillel G. Fradkin, Vice-President for Program	131,175	32,366		
	J. M. Neumann, Assistant Secretary	88,724	0		

n/a Information not provided.

* No longer holds position.

[14] Received total compensation of $108,979 from two related foundations.

[15] Received total compensation of $75,523 from two related foundations.

[16] Formerly Gannett Foundation.

[17] Compensation per severance agreement.

[18] Compensation includes $150,621 for relocation costs.

[19] A total of 7 trustees received $23,000 each in compensation.

[20] Started as president February 1991.

[21] Held position until November 1990.

[22] Numbers are preliminary. Benefit figures not yet available.

[23] Numbers are preliminary and have not yet been filed with the IRS.

[24] Received an additional payment of $263,954 for prior service commitments.

[25] Deceased.

[26] All employees paid by Hallmark Cards.

[27] Compensation includes $25,000 housing allowance. Benefits include $96,180 for relocation costs.

[28] Only two part-time employees.

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any, professional staff. The $402-million Longwood Foundation in Wilmington, Del., for example, lists only two paid employees on its 1991 tax return: a part-time assistant secretary, who made $64,005, and a part-time assistant treasurer, who made $33,885. The foundation's trustees are not paid.

The $251.4-million Clark Foundation in New York has no full-time professional staff members but pays a management company to oversee its investment and grants programs. The foundation employs about 75 people in Cooperstown, N.Y., where it runs a gymnasium for local residents and manages assorted real-estate holdings. The gymnasium's director is listed as the foundation's highest-paid employee, with a salary of $45,500 last year.

At several foundations, the top-paid employees were not grant makers.

The $256.8-million Herbert H. and Grace A. Dow Foundation in Midland, Mich., for example, listed Douglas J. Chapman, the horticulturist at a public garden operated by the foundation, as its highest wage earner, with a salary of $61,204 last year. The Dow foundation's president, Herbert H. Dow, received no compensation.

High Pay for Investment Chiefs

The surveys found a significant gap between the salaries paid to employees charged with generating the money and those who give it away.

Investment officers at private foundations had an average salary of $145,900, compared to $119,300 for vice-presidents who oversaw grant programs, according to the council.

Officials attribute that to the competitive market for people with financial and investment expertise. In addition, some foundations pay their investment officers a bonus based on the performance of stocks and other assets in their care.

At the Ford Foundation, John W. English, vice-president and chief investment officer, received $506,235 in total compensation last year, according to the foundation's tax return. Ford's vice-president in charge of the program division, Susan V. Berresford, made just over half as much—$287,699 in salary, benefits, and other allowances.

Effect of Incentives

At the Charles Stewart Mott Foundation, Robert E. Swaney, Jr., the vice-president in charge of investments, received $297,554 in total compensation—more than Mott's president, William S. White, who received $289,915.

Mr. White says that his base salary is higher than Mr. Swaney's but that Mr. Swaney, who oversees the management of Mott's $1-billion endowment, receives incentive compensation based largely on the performance of the portfolio.

Not all foundations had such pay differentials. At the W. K. Kellogg Foundation, for example, Norman A. Brown, the president and chief program officer, earned $231,847 in total compensation, while William W. Fritz, the vice-president for finance, earned $134,214 last year.

Mr. Fritz says that Ford, Mott,

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What Foundations Pay

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and some other foundations manage a larger share of their portfolio in-house than does Kellogg, and thus have to pay the market rate for money managers, which is considerably higher than the market rate for program directors.

Geography Plays a Role

The survey by the Council on Foundations also found that chief financial officers at private foundations earned far more on average than their counterparts at other types of philanthropies.

At private foundations, the median salary was $94,900—more than twice the median at corporate foundations ($47,000) and at community foundations ($40,000). Chief financial officers of public foundations earned a median salary of $49,300.

Again, geography and asset size appeared to influence pay levels, according to the survey.

The average salary for a chief financial officer at a foundation located in the West was $93,300; in the Northeast and Middle Atlantic States, $79,500; in the Midwest, $76,400; and in the South, $48,600.

The council found a larger discrepancy when it sorted the average chief financial officer's salary by the size of the foundation's assets. At the largest private funds, those with $250-million or more, the median salary was $105,000 compared to $40,200 at funds with less than $50-million in assets.

Parallels With Academe

The study suggested parallels between pay scales in organized philanthropy and academe, fields that have a significant level of employee crossover.

The median pay for foundation chief executives fell within $2,000 of that of university presidents, while program officers typically made about $4,000 less than associate professors. Executive recruiters and others say foundations and universities require many of the same qualities in their presidents: intellectual breadth, an ability to oversee an endowment, and a knack for managing a complicated non-profit organization.

The median salary for a program officer at a private foundation was $56,500; at a public foundation, $47,500; at a corporate foundation, $40,000; and at a community foundation, $38,000.

Program officers who work at foundations in the Northeast and Middle Atlantic States received $56,200 on average; in the Midwest, $54,200; in the West, $51,100; and in the South, $43,900. Program officers at the largest private foundations—those with $250-million or more in assets—earned a median salary of $58,900.

The median salary for program officers at all other private foundations hovered between $46,000 and $47,500.

Stephen G. Greene and Dan Joseph contributed to this article.

Salaries of Top Officials at the 100 Largest Foundations

	Officials	Compensation	Benefits	Assets	End of fiscal year
Lettie Pate Whitehead Foundation (Atlanta)	Charles H. McTier, President[9]	18,450	2,767	371,889,178	12/31/91
	P. Russell Hardin, Secretary and Treasurer[10]	12,300	1,845		
Arthur S. DeMoss Foundation (St. Davids, Pa.)	Nancy S. DeMoss, Chairman	114,250	9,500	365,815,075	12/31/90
	Robert G. DeMoss, President	94,500	9,500		
	John Bechtel, Project Manager	83,450	8,340		
Whitaker Foundation (Mechanicsburg, Pa.)	Miles J. Gibbons, Jr., President	160,520	9,480	365,152,660	12/31/91
	Peter G. Katona, Vice-President[29]	53,500	5,033		
	Mary F. Walsh, Office Administrator	48,095	5,040		
Skillman Foundation (Detroit)	Leonard W. Smith, President	155,000	20,307	363,741,264	12/31/91
	Jean E. Gregory, VP and Treasurer	80,000	10,481		
	Kari Schlachtenhaufen, Vice-President for Program	70,000	9,171		
William Randolph Hearst Foundation (New York)	Robert M. Frehse, Jr., Executive Director	115,723	0	352,277,537	12/31/91
	Thomas Eastham, VP and Western Director	76,728	0		
Connelly Foundation (West Conshohocken, Pa.)	Josephine C. Connelly, Chairwoman	50,000	n/a	332,160,762	12/31/91
	Josephine C. Mandeville, President	40,000	n/a		
	Emily L. Riley, Vice-President	30,000	n/a		
Surdna Foundation (New York)	Edward Skloot, Executive Director	220,000	18,500	329,991,327	6/30/91
	Marc deVenoge, Chief Financial Officer	56,550	0		
Rockefeller Brothers Fund (New York)	Colin G. Campbell, President	272,000	25,776	317,926,715	12/31/91
	Russell A. Phillips, Jr., Executive Vice-President	154,250	19,204		
	Benjamin R. Shute, Jr., Secretary and Treasurer	109,200	19,672		
Smith Richardson Foundation (New York)	R. Randolph Richardson, President	156,265	23,308	316,231,731	12/31/91
	Peter L. Richardson, Vice-President	144,929	25,171		
	R. Larry Coble, Treasurer	99,437	18,922		
Vira I. Heinz Endowment (Pittsburgh)	Alfred W. Wishart, Jr., Executive Director[14]	39,262	1,570	314,919,993	12/31/91
	Jack E. Kime, Chief Financial Officer[15]	28,858	1,777		
Commonwealth Fund (New York)	Margaret E. Mahoney, President	270,558	30,000	313,044,497	6/30/91
	John E. Craig, Jr., VP and Treasurer	180,595	30,000		
	Thomas W. Moloney, Senior Vice-President	180,335	30,000		
Robert A. Welch Foundation (Houston)	Norbert Dittrich, Executive Manager	97,500	2,700	302,765,612	8/31/91
	E. L. Wehner, President	84,167	n/a		
	Ron Page, Controller	56,550	1,475		
F. W. Olin Foundation (New York)	Lawrence W. Milas, President	177,792	n/a	302,209,005	12/31/91
	William B. Horn, Vice-President	100,800	n/a		
	William J. Schmidt, Treasurer	100,800	n/a		
William K. Warren Foundation (Tulsa, Okla.)[30]	W. E. Weeks, Chief Financial Officer	n/a	n/a	297,295,926	12/31/90
Champlin Foundations (Providence, R.I.)	David A. King, Executive Director	115,850	n/a	294,067,859	12/31/91
	Francis C. Carter, Committees Chairman	69,850	n/a		
John A. Hartford Foundation (New York)	Stephen C. Eyre, Executive Director and Treasurer	135,680	29,717	291,711,104	12/31/91
	Richard S. Sharpe, Program Director	110,822	26,891		
	Donna I. Regenstreif, Senior Program Officer	104,410	26,522		
Meyer Memorial Trust (Portland, Ore.)	Charles S. Rooks, Executive Director	148,947	30,213	284,745,919	3/31/92
	Wayne G. Pierson, Treasurer	102,286	21,000		
	Martha M. Lemke, Senior Program Officer	67,578	13,726		
Public Welfare Foundation (Washington)	C. Glenn Ihrig, Executive Director[31]*	78,793	0	284,197,379	10/31/91
	Larry Kressley, Acting Executive Director	70,282	14,056		
	Anne Townsend, Deputy Director	69,165	0		
McCune Foundation (Pittsburgh)	Earland I. Carlson, Executive Director*	105,422	20,025	264,761,380	9/30/91
	Martha J. Perry, Associate Executive Director	54,708	3,200		
Chicago Community Trust	Bruce L. Newman, Executive Director	190,000	24,717	261,527,033	9/30/91
	Cedric L. Chernick, Program Director	105,000	13,660		
	Elizabeth Hollander, Program Director	84,400	10,979		
Northwest Area Foundation (St. Paul)	Terry T. Saario, President	154,243	30,000	258,098,260	2/29/92
	Karl N. Stauber, VP for Programs	94,118	15,520		
	Sandra Hokanson, VP for Administration	67,108	8,767		
Herbert H. and Grace A. Dow Foundation (Midland, Mich.)	Douglas J. Chapman, Horticulturist & Administrator	61,204	4,092	256,789,291	12/31/91
	Dan Veresh, Associate Horticulturist	36,997	2,640		
M. J. Murdock Charitable Trust (Vancouver, Wash.)	James R. Martin, Chief Financial Officer	118,000	18,960	256,359,883	12/31/91
	Ford A. Anderson, II, Executive Director	98,000	7,839		
	Neal O. Thorpe, Senior Program Officer	73,417	5,640		

n/a Information not provided.

* No longer holds position.

[29] Compensation includes $10,000 for role as committee member.

[30] Copy of 990-PF submitted to IRS did not contain salary information due to an "oversight," according to the foundation's chief financial officer.

[31] Compensation covers nine-month period ending in July.

Setting—and Policing—Pay Is More Art Than Science

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dertook a study of more than 800 private funds.

The government found that they were in "substantial compliance" with tax laws, including one that limited the amount that foundations could spend on grant-making administrative expenses to 0.65 per cent of their assets. The study found no foundation that had had to pay a penalty tax for exceeding the limit.

Because of those findings and complaints by foundations that the regulations were complex and burdensome, Congress allowed the limit on administrative expenses to expire at the end of 1990.

Marc Owens, director of the IRS Exempt Organizations Technical Division, says the service does not have rigid rules about excessive salaries, but uses a number of factors in evaluating whether individual salaries are appropriate: the official's background and experience, his or her duties and contribution to the success of the foundation, the size of the foundation, the amount of time he or she devotes to foundation duties, and what people at similar organizations are being paid.

Excessive compensation, Mr. Owens says, "is not an easy case to make because the standards are so vague."

Salary Lawsuits Uncommon

"Simply having a high salary isn't going to be enough to carry the day, particularly if it has been negotiated at arm's length, the person has special talents, and the organization receives something in return," he adds. Mr. Owens says it is uncommon for the IRS to sue a foundation for paying excessive salaries.

Some believe that foundation pay should be judged by standards other than what the market or the IRS will allow.

David Bergholz, executive director of the George Gund Foundation, who earned $145,000 in 1991, says a key question that foundations should consider when setting compensation packages is, What message do they send to grant recipients and to the community at large? While foundations and non-profits "deserve well-compensated leadership if it's good leadership," he argues, perquisites like country-club memberships might tarnish a foundation's charitable image.

"If you can look somebody straight in the eye and justify your

	Officials	Compensation	Benefits	Assets	End of fiscal year
Z. Smith Reynolds Foundation (Winston-Salem, N.C.)	Thomas W. Lambeth, Secretary & Executive Director	106,000	10,600	256,307,430	12/31/91
	Joseph E. Kilpatrick, Assistant Director	60,000	6,000		
Boston Foundation	Anna Faith Jones, President	159,038	22,708	254,149,726	6/30/91
	John F. Ramsey, Director, External Affairs*	73,711	10,716		
	Wendy D. Puriefoy, Executive Vice-President*[32]	65,385	8,375		
El Pomar Foundation (Colorado Springs)	William J. Hybl, Chairman and CEO	152,257	n/a	252,724,960	12/31/90
	R. Thayer Tutt, Jr., President	120,135	n/a		
	Robert J. Hilbert, Secretary and Treasurer	62,831	n/a		
Clark Foundation (New York)	G. Childs, Gymnasium Director	45,500	n/a	251,418,869	6/30/91
	Ed Gaynor, Property Operations	39,000	n/a		
Kate B. Reynolds Charitable Trust (Winston-Salem, N.C.)	Edwin W. Monroe, Executive Director*	125,000	25,000	249,805,179	8/31/91
	William Vance Frye, Assistant Director	57,500	14,375		
T. L. L. Temple Foundation (Lufkin, Tex.)	Phillip M. Leach, Trustee	76,333	0	249,768,416	11/30/91
	Buddy Zeagler, Controller	63,000	n/a		
	Arthur Temple, Chairman	41,470	0		
Sid W. Richardson Foundation (Fort Worth)	Valleau Wilkie, Jr., Executive Vice-President	131,100	n/a	248,700,330	12/31/91
	Cynthia K. Alexander, Business Manager	56,394	0		
	Jo Helen Rosacker, Associate Director	53,904	0		
James Graham Brown Foundation (Louisville, Ky.)	David E. Ferguson, President	152,281	0	232,270,106	12/31/91
	Ray E. Loper, Director of Timberland Operations	85,000	0		
	Stanley F. Hugenberg, Jr., Trustee[33]	58,575	0		
Alcoa Foundation (Pittsburgh)[34]	Earl Gadbery, President	n/a	n/a	232,145,394	12/31/90
	F. Worth Hobbs, Vice-President	n/a	n/a		
	Kathleen W. Buechel, Vice-President	n/a	n/a		
Colorado Trust (Denver)	Peter A. Konrad, Vice-President	90,998	11,337	231,900,406	12/31/91
	Bruce M. Rockwell, Executive Director[34]	78,124	9,765		
	Jean D. Merrick, Vice-President	78,096	9,729		
William R. Kenan, Jr. Charitable Trust (Chapel Hill, N.C.)[36]	n/a	n/a	n/a	227,387,656	12/31/90
San Francisco Foundation	Robert M. Fisher, Executive Director	132,500	19,875	226,099,474	6/30/91
	John Kreidler, Program Executive	71,419	10,713		
	Jane Rogers, Program Executive	60,000	9,000		
Spencer Foundation (Chicago)	Marion M. Faldet, VP and Secretary	129,867	34,887	225,161,975	3/31/92
	Patricia Albjerg Graham, President	93,483	15,377		
	Linda M. Schumacher, Treasurer	67,783	15,558		
Sherman Fairchild Foundation (Greenwich, Conn.)	Patricia Lydon, Vice-President	88,743	8,874	223,901,433	12/31/91
	Bonnie Himmelman, Executive Vice-President	44,609	1,309		
Peter Kiewit Foundation (Omaha)	Lyn Wallin Ziegenbein, Executive Director	77,499	13,791	219,831,687	6/30/90
	Richard L. Coyne, Vice-Chairman	68,810	n/a		
Communities Foundation of Texas (Dallas)	Edward M. Fjordbak, President	90,271	n/a	212,690,522	6/30/91
	J. Michael Redfearn, Controller	50,270	0		
	Charlotte Nelson, Director of Finance	46,770	0		
Andersen Foundation (Bayport, Minn.)[37]	Elizabeth Carlstrom, Assistant Secretary	4,384	0	209,995,194	12/31/90
Sarah Scaife Foundation (Pittsburgh)	Richard M. Larry, President	255,600	91,147	205,517,340	12/31/90
	R. Daniel McMichael, Secretary	222,000	119,450		
	Donald C. Sipp, VP and Treasurer	106,104	43,379		
Koret Foundation (San Francisco)	Jack R. Curley, Treasurer and Assistant Secretary	84,660	15,644	192,544,174	12/31/91
	Michael A. Papo, Executive Director[38]	61,134	0		
	Michael Kesselman, Program Officer	56,748	5,311		
Morris and Gwendolyn Cafritz Foundation (Washington)	Martin Atlas, President	237,778	0	187,803,268	4/30/91
	Anne Allen, Executive Director	61,730	0		
Nathan Cummings Foundation (New York)	Charles R. Halpern, President	165,414	30,000	187,386,927	12/31/90
	Ellen Lazarus, Treasurer	119,179	21,745		
	Elizabeth Leiman, Assistant Secretary	52,628	7,969		
Lucille P. Markey Charitable Trust (Miami)	Robert J. Glaser, Director for Medical Science	244,204	38,783	184,867,806	6/30/91
	Louis J. Hector, Chairman	177,200	28,643		
	John H. Dickason, VP for Finance	166,000	48,942		

n/a Information not provided.

* No longer holds position.

[32] Compensation covers eight-month period ending in April.

[33] Compensation includes $45,375 for management fees on environmental issues and $13,200 for serving as trustee.

[34] No employees listed. The foundation reimbursed the Aluminum Company of America $375,675 in compensation for four officers and three employees.

[35] Retired April 1991. Current executive director, John R. Moran, Jr., started August 1991 and earned $48,875 for the last five months of that year.

[36] Formed as a split-interest trust prior to 1969 and is therefore exempt from filing tax form 990-PF.

[37] All other employees paid by Andersen Corporation.

[38] Hired in June 1991. Compensation is for a six-month period.

SOURCE: 990-PF tax forms

salary, then I think it's perfectly legitimate," says Richard McDonough, founder and president of Hotels/Motels in Partnership, a Phoenix charity that tries to link people in need of emergency shelter with donated lodging. "If you can't look somebody in the eye and justify it and make no apologies, then it's a problem," adds Mr. McDonough, who earns $41,000. He says that if foundation executives are in that line of work "for the public good, then their salaries should reflect it."

Some charity officials who earn far less than the top-paid foundation officials don't begrudge the grant makers their big salaries.

"I don't have a problem with the head of a major foundation making four or five hundred thousand dollars if that person is generating a hundred or two hundred million back into the non-profit community of this country," says Larry Walton, president of United Way Services in Richmond. "That's a good investment."

Competition for Executives

Others say the problem isn't that foundation salaries are too high but that charity pay is too low. "It's probably more important to place the emphasis on improving salaries of very valuable non-profit managers," says Charles S. Rooks, executive director of the Meyer Memorial Trust in Portland, Ore.

And the competition that foundations face in trying to lure executives with broad experience in financial and personnel management, as well as a degree of intellectual breadth, should not be underestimated, say trustees.

"I've never chosen one where there weren't substantial options for those people," says Mr. Champion, the former Kaiser chairman. To stay in competition with research institutions and universities means paying something over $200,000, adds Mr. Champion, who presided over the hiring in 1990 of Drew E. Altman, a former program director at the Pew Charitable Trusts, to run Kaiser.

"I knew we were in competition for Drew," Mr. Champion says. "I knew of at least one other offer that it would be important for us to meet if we wanted to get him." Mr. Altman made $201,390 last year and received $139,387 in relocation assistance and other benefits.

Mr. Joyce of the Bradley Foundation says that grant makers should not stay in their jobs indefinitely, and that trustees should compensate presidents accordingly. "If you're going to have top people who are not going to be there for a long time," he says, "you have to find ways to attract them and allow them to go without a large financial handicap."

—KRISTIN A. GOSS, STEPHEN G. GREENE, AND JENNIFER MOORE

Few Funds Made It Difficult to See Tax Forms

Although the presidents of the nation's wealthiest foundations may prefer not to see their salaries published in the newspaper, most of them made it easy to obtain the information.

The Chronicle asked 97 of the 100 wealthiest private and community foundations to mail in a copy of their most-recent informational tax return, Form 990 or 990-PF, including schedules containing information on salaries paid to officers, directors, employees, and outside professionals. (Two foundations were not asked because *The Chronicle* already had copies of their most-recent forms; one is a split-interest trust that does not file a publicly available tax form.)

Of those that were asked:

► Seventy-two mailed, faxed, or otherwise delivered their most-recent forms, including salary information. Some required a bit of prodding, but they still went beyond what the federal public-disclosure law requires. Under the Internal Revenue Code, a private foundation must permit public inspection of its 990-PF at the foundation's office for 180 days after publishing a notice in a local newspaper that the form is available.

► Twenty-one foundations required a reporter to visit their offices to view the salary information. Of those, eight declined to allow photocopying of the form and required a reporter to take down financial information by hand.

► Four foundations would not permit public inspection of their tax returns. Two—the Peter Kiewit Foundation and the Kate B. Reynolds Charitable Trust—said they would not make their forms available because the legally required 180-day period for public inspection had expired. The other two—the Sarah Scaife and William K. Warren Foundations—made it impossible for reporters to set a time to view the documents.

A July 21 letter to Richard M. Larry, president of the Pittsburgh-based Sarah Scaife Foundation, requesting a copy of the 990-PF went unanswered, as did repeated follow-up phone calls. After a representative of *The Chronicle* called the foundation to alert officials that he would be stopping by to see the 990-PF, he was turned away in the lobby of the office building by a foundation security officer.

On a second visit, the *Chronicle* representative was again turned away. The security officer said that Mr. Larry's office had told him not to allow the representative into the foundation offices because he did not have an appointment.

Mr. Larry received $346,747 in salary and benefits in 1990, according to tax forms on file at the Foundation Center.

At the William K. Warren Foundation in Tulsa, Bill Weeks, the chief financial officer, said that the foundation would not send its tax form in the mail but that *The Chronicle* could send someone to view the return at the foundation's

Continued on Page 32

Few Funds Made It Difficult to See Tax Forms

Continued from Page 31

office. When a *Chronicle* representative called Mr. Weeks on the day he had suggested, and on the following day, to set an appointment, her calls were not returned. When she showed up at the foundation's office, she was turned away by a security guard.

The Warren Foundation omitted salary figures for its officers and employees on its 1990 tax return, which was submitted to the IRS. Mr. Weeks said the omission had been an "oversight" that the foundation was taking steps to correct.

While he would not comment on specific foundations, Marc Owens, director of the Exempt Organizations Technical Division at the Internal Revenue Service, said the purpose of the disclosure law was to insure that the public had ready access to foundations' financial information.

"Unreasonable constraints may be viewed as that the return is not readily available," he said. "If appointments are never available, it looks like the return is not being made public."

'Just Good Citizenship'

Such incidents notwithstanding, the vast majority of foundations sent their forms in without expressing reservations. "It's public in the first place, so to be uncooperative defeats the spirit of the publicity requirement," said Jack R. Curley, treasurer of the Koret Foundation. "I think it's just good citizenship for a foundation to be open in its affairs."

However, some of the foundation officials who cooperated said they did so with some reluctance. Many said they believed the tax form was so complicated that it could easily be misinterpreted. What's more, some foundation officials charged that disclosure of employees' salaries served the interest of public curiosity more than public accountability. They also worried that disclosing salaries could hurt employee morale.

The Skillman Foundation in Detroit sent its 990-PF without salary information. Leonard Smith, the foundation's president, supplied his 1992 salary ($165,000) over the phone and permitted a reporter to visit the office and obtain other figures from the tax form. Mr. Smith said he was reluctant to go beyond what the law required and send Skillman's salary schedules because he said that would put him in a position of voluntarily infringing on his employees' privacy.

Council Urges Cooperation

The Council on Foundations, which represents 1,200 of the nation's foundations, sent letters to its members, urging them to send their tax forms to *The Chronicle*.

James A. Joseph, the council's president, acknowledged that foundations had to deal with "competing claims of public accountability and the rights of your employees to a reasonable degree of privacy" but said that "failure to cooperate could provide fuel for yet another article alleging that foundations do not practice what they preach," an apparent allusion to newspaper stories in the wake of recent controversy at the United Way of America that have detailed the reluctance of some charities to permit public inspection of their tax returns. —KRISTIN A. GOSS AND JENNIFER MOORE

Scouts' Exclusion of Gay Members Wins Support From Republicans

By HOLLY HALL

The Boy Scouts' national policy of excluding homosexuals and atheists from membership is attracting increasing attention from both supporters and critics.

The Boy Scouts of America says it bans gay members because they don't fulfill the group's requirement that members be "morally straight" and "clean " Scout policy also requires all members to pledge their "duty to God."

In recent developments:

► The Republican Party, in its election-year platform, supported the Boy Scout policy and criticized several corporations for ceasing donations to the youth organization because of its ban on homosexuals.

The party's platform said Republicans "reject the irresponsible position of those corporations that have cut off contributions to such organizations because of their courageous stand for family values."

► About 20 Republican Congressmen, led by Rep. Dana Rohrabacher of California, held a press conference in Washington to urge consumers to boycott companies that withdrew aid to the Scouts. The Scouts "have a right to set their own religious and moral standards," said Mr. Rohrabacher.

► One company that cut off aid to the Scouts because of its policy on homosexuals, the BankAmerica Corporation in San Francisco, has reversed its decision. The company announced last month that it would resume its contributions to the youth group because the Scouts, "being open to all boys, which is the class it is designed to serve, meets the bank's contribution criteria."

► The St. Louis chapter of Queer Nation, a gay-activist group, is planning to ask the United Way of Greater St. Louis to withdraw its support for the Boy Scouts. The board of the United Way has said it planned to continue giving to the Scouts.

As criticism of the Scouts mounts, the national organization is losing its leader.

Ben H. Love, who has been chief scout executive since 1985, announced his decision to retire last month at a meeting of senior Scout executives. Mr. Love, 62, could not be reached for comment, but Boy Scout officials said his decision to step down was motivated by his desire to spend time with his family.

Salaries of Welfare Chiefs Average $127,300

Chief executives at health and social-welfare organizations earn an average of $127,300, according to a new survey of compensation at U.S. non-profits.

Their counterparts at education organizations receive salaries averaging $130,500, while those who head trade or professional associations make $191,500 and $126,200 a year, respectively, says the report, published by Towers Perrin, a management consulting company.

The survey includes data from 311 non-profit organizations. About 30 per cent of them are based in Washington, and another 20 per cent are in Maryland or Virginia; 15 per cent are in the New York City metropolitan area, and the remainder are scattered across the country.

Increases Outpace Inflation

The 48 health and welfare organizations that participated in the survey range from the East Coast Migrant Head Start Project and the United Way of Massachusetts Bay to the American Cancer Society, American Red Cross, National Easter Seal Society, and Planned Parenthood Federation of America.

The 38 groups classified as education organizations include the American Council on Education, the Carnegie Endowment for International Peace, the Council on Foundations, Independent Sector, Junior Achievement, and the National Arbor Day Foundation.

Other findings of the survey:

► The average salary increase for top executives among all groups in the survey was 7.6 per cent in 1992, compared with 8.1 per cent in 1991. Last year's inflation rate for consumer goods was 3.1 per cent.

► Top executives' average salaries were highest ($171,700) in Washington, which is home to many trade associations, followed by Chicago ($163,100) and New York City ($162,800).

► Chief executives' salaries rose with the size of their organizations: from an average of $82,600 for people heading groups with budgets of less than $1-million, to $121,400 for executives of groups with budgets between $2-million and $5-million (a plurality of those surveyed), to $213,500 for those heading groups with budgets of $20-million or more. Among top executives, the lowest salary reported was $56,400; the highest was $470,000.

► About 97 per cent of participating organizations reported having a program of medical benefits; the average annual deductible was $215, and the average maximum out-of-pocket expense for employees was $1,400. Sixty per cent of the groups said they had not increased deductibles in the last three years.

Copies of the "1992 Compensation Survey Report of Management Positions in Not-for-Profit Organizations" are available for $200 each, prepaid. Contact Lyn McCloskey at Towers Perrin, 1001 19th Street North, Suite 1500, Rosslyn, Va. 22209; (703) 351-4749. —STEPHEN G. GREENE

Average Salaries of Non-Profit Officials

	Trade associations	Professional associations	Education organizations	Health and welfare organizations	Other	All
Chief executive officer	$191,500	$126,200	$130,500	$127,300	$158,100	$147,800
Deputy executive officer	117,800	97,400	87,200	98,400	111,700	102,700
Executive assistant	41,500	36,000	36,700	38,300	40,900	38,600
Top administrative position	84,100	70,400	65,100	72,500	85,400	75,700
Top financial position	72,900	57,200	62,600	63,100	72,100	64,600
Top management-information-systems position	59,200	53,800	53,600	55,800	64,600	57,300
Facility position	51,700	43,500	39,600	41,400	49,000	45,400
Office manager	38,500	35,700	31,300	28,000	34,100	34,000
Top personnel position	64,400	55,300	55,500	55,600	64,200	59,100
Top legal position	131,700	96,500	92,000	85,400	100,100	106,700
Top field-services position	118,800	60,400	63,900	72,700	82,100	76,200
Regional-office head	65,000	81,400	62,300	59,100	70,500	65,200
Top government-relations position	120,800	91,700	70,600	74,100	84,400	98,300
Federal-relations position	74,600	64,800	58,800	44,300	92,600	67,300
Legislative network position	55,100	44,600	45,400	41,800	45,900	48,000
Top communications position	83,000	66,600	64,700	61,500	69,600	70,400
Top public-relations position	78,600	56,900	56,800	60,200	64,100	64,500
Public-relations position	51,400	37,800	39,800	40,900	45,900	43,100
Top editorial position	60,900	59,900	64,600	50,000	65,500	60,500
Managing editor (journals & books)	47,200	41,500	44,900	39,000	49,400	44,000
Managing editor (newsletters)	41,400	35,600	34,800	40,100	36,100	37,500
Editor	35,800	30,500	31,200	30,000	33,200	31,700
Art director	41,400	39,400	37,400	42,200	45,900	41,300
Production position	39,700	36,300	37,000	38,900	35,000	37,100
Fulfillment position	33,200	31,900	29,300	37,500	37,100	33,400
Information-services position	41,700	43,600	39,100	39,400	46,500	42,300
Top marketing position	68,500	53,800	47,900	67,600	65,300	59,700
Top membership position	60,900	52,400	46,400	60,200	58,300	55,400
Member-services position	39,400	39,000	35,400	38,300	41,500	38,800
Membership-records position	29,500	28,300	30,000	33,200	28,200	29,200
Top convention & meeting position	64,500	53,000	50,300	40,800	52,200	54,300
Program planner (meetings)	43,200	32,600	37,200	38,100	40,600	37,700
Meetings planner	36,600	32,500	30,500	37,800	32,600	33,700
Top program position	93,800	57,700	65,100	64,600	78,400	70,200
Program-staff position	52,900	35,100	36,800	41,300	47,400	41,300
Top professional-education position	61,200	57,000	60,100	64,600	67,500	59,600
Top public-education position	80,300	58,600	—	48,600	45,500	55,900
Top scientific-research position	97,900	71,600	60,300	90,400	93,100	86,000
Top development position	68,900	63,000	83,400	75,100	75,000	72,600
Fund raising/grant position	56,500	29,600	53,300	49,000	40,600	44,800

SOURCE: Towers Perrin

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The Newspaper of the Non-Profit World

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GOOD WORKS, PERSON TO PERSON

Natural disasters lead some people to try relief efforts on their own, but charities that are bypassed say the results often fall short

MICHAEL CONROY, FOR THE CHRONICLE

Cheryl Shotts (center), with Kelem, a 6-year-old Ethiopian girl she is adopting, and Mohammed Ag Albakaye, now 20, a Malian she adopted when he was 13, has set up a non-profit to help other Americans adopt African children. "This is the best thing I've ever done in my life," she says. Story on Page 10.

By STEPHEN G. GREENE

FIREFIGHTERS from the nation's capital volunteer to spend a week helping to rebuild Louisiana towns devastated by Hurricane Andrew. A Kentucky woman puts Americans in touch with hard-pressed families in the former Soviet Union. An Indianapolis woman helps Americans adopt African children. One Wisconsin town mobilizes to aid another hit by a tornado.

Such freelance charity by private citizens often supplements the efforts of established non-profit organizations, especially in response to disasters like Hurricanes Andrew and Iniki. In some cases, amateur assistance may be faster and more flexible than campaigns mounted by big organizations.

But now, when flagship non-profits like United Way of America and the American Red Cross have undergone sharp criticism, some officials are concerned that more Americans may be bypassing organized groups with their contributions—a worry that may ratchet up the latent tension between established groups and freelancing newcomers.

"Big charities have been buffeted" by news accounts of high salaries and benefits and of stolen or otherwise wasted donated goods, says Richard M. Walden, president of Operation USA in Los Angeles, which sends medicine and relief supplies around the world. Americans "have less confidence in big charities," he adds. "The public is saying, If I have $100 to give, I want it to go where I know it will get converted into food.

"For all the best altruistic reasons, they want to do something valuable and feel good about it," Mr. Walden notes. "They all feel good; whether it is valuable is something else."

Says Darla Brouillard, executive director of a Merritt Island, Fla., charity called Mercy Watch, which manages volunteers who help senior citizens: "There is a very dubious attitude toward organized philanthropic efforts, especially with the effects of the United Way scandal. The attitude of the general public is, I'll give several shirts out of my closet, but I dislike intensely putting my money into groups where it will go to somebody's salary."

A Voluminous Catalogue of Private Efforts

Person-to-person or community-to-community assistance often helps shrink to a comprehensibly human scale the episodes of famine, violence, epidemic diseases, or destruction that may seem overwhelming when viewed in their entirety. In that way, individuals can feel that they have made an appreciable dent in some small piece of a much larger problem.

The catalogue of such efforts is voluminous but for the most part undocumented, since comprehensive

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RALF-FINN HESTOFT/SABA, FOR THE CHRONICLE

Keeping Chicago Cool

Kids painted over graffiti on the wall of an old church (*above*) as part of an effort by 26 Chicago foundations and companies to prevent violence in their city. Story on Page 6.

Modest United Way Goals

Most big United Ways have set modest goals for this fall's fund-raising drives, which may mean tight budgets for thousands of non-profits next year. Story on Page 27.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 23

About Gifts and Giving

1 Natural disasters, famine, and other crises often bring an outpouring of person-to-person and community-to-community good works that bypass traditional charities. No one questions the good will of those efforts, but some challenge their effectiveness.

14 Charitable organizations mobilized last week to help victims of Hurricane Iniki in Hawaii, but the latest in a series of storms is testing the ability of relief organizations, especially the Red Cross, to respond.

8 A new $46-million fund will benefit cancer research at six institutions.

25 More and more Christian groups are trying to win gifts by appealing to spiritual motivations, rather than by emphasizing needs, says a new analysis of research on religious giving.

8 The Pittsburgh Foundation has received its largest gift ever, a $15-million bequest; other recent gifts.

About Fund Raising

27 Most of the nation's large United Ways have set conservative goals for this year's drives. A few don't expect to raise even as much as they did last year.

26 Fort Worth's United Way has started its fall campaign trying to cope with the twin problems of controversy and the economy.

30 Funds that concentrate on aiding women suffered a decrease in donations last year, although the size of their endowments increased.

30 The Muscular Dystrophy Association's annual telethon raised a record $45-million, despite protests from disability activists.

30 Charities should not be required to count pledges as revenue, says a former top official of the Council for Aid to Education.

30 The Senate has joined the House in passing a bill to provide postal subsidies for non-profits.

31 A big bronze piggy bank is bringing in donations for a Seattle charity (Ideas).

About Managing Non-Profits

33 Leaders of state associations of non-profits have called on the Presidential candidates to promise to ease regulatory burdens and involve charities more in solving the nation's problems.

31 Many non-profits are finding that they can get free or low-cost help by calling on colleagues at other organizations (The Basics).

34 Faced with a decline in revenue, the YWCA of the U.S.A. has laid off half of its staff.

39 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

JOYCE MARSHALL, FOR THE CHRONICLE

Kicking off this fall's United Way campaign in Fort Worth 26

About Grant Makers

6 Foundations and corporations in Chicago joined forces to create a program to keep the city's' streets calm and prevent the kind of violence that rocked Los Angeles earlier this year. They believe their experience may offer lessons for other cities.

24 Foundation assets rose little in 1990, but the endowments seem to be making a comeback, which means bigger grants budgets.

8 A new guide is intended to help grant makers get more involved in efforts to shape public policies that affect people with AIDS.

8 Because of layoffs, many companies are asking their community-relations officials to be involved in grant making, says a new report.

31 Hitachi Foundation officials spent a day digging dirt to help one of the fund's grantees (Ideas).

About Volunteers

8 Points of Light 878 to 891 were named by the Bush Administration.

Of Special Interest to Board Members

33 **Leaders of statewide organizations of non-profits are urging the Presidential candidates to promise to ease the regulatory burden on charities, encourage charitable giving, and take steps to involve non-profits in solving the nation's problems.**

41 **The trustees of the Harry and Jeanette Weinberg Foundation are too secretive and irresponsible, charges columnist Pablo Eisenberg, but Leslie Lenkowsky argues that privacy can be good for philanthropy.**

Also in This Issue

39 **Tax Watch:** The IRS says companies can't take charitable deductions for donations made in exchange for employee contributions to political-action committees; the IRS will speed the processing of tax-exemption applications for new hurricane-relief organizations; other recent actions.

40 **Opinion:** Barry R. Rubin on non-profit employee burnout, and Pablo Eisenberg and Leslie Lenkowsky on the Harry and Jeanette Weinberg Foundation's penchant for privacy.

40 **Letters** on silencing progressive organizations and on a magazine's criticism of Hillary Clinton's role on a foundation board.

32 **Books:** A summary of *Lives in Trust: The Fortunes of Dynastic Families in Late Twentieth-Century America* and other new books.

31 **Reading List:** Telephone fund raising and phonathons.

Corrections

▶ An article on tax changes pending in Congress inaccurately described the current law governing donations from companies or people who receive part of their income from foreign sources (August 11). Companies are now allowed to apportion charitable contributions between their domestic and foreign incomes based on the portion of income from each source.

▶ A chart showing the 50 community foundations that have the largest assets provided incorrect numbers for the San Diego Community Foundation (August 11). The market value of its assets was $54,319,840 last year, ranking the foundation 31st.

▶ Figures on a chart showing median salaries for chief executives of private foundations were reversed (September 8). A corrected version of the chart appears on Page 34.

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Foundations' Assets Are Said to Rebound From Slump in 1990

Grant-making budgets at many of the nation's foundations will probably be bigger this year than in 1991, according to a top official at the Foundation Center.

That's because early predictions indicate that foundation assets grew quickly last year. They rose very slowly in 1990, however, the most recent year for which exact figures are available, which may explain why foundation grants seemed hard to come by in 1991, explained Loren Renz, vice-president for research at the New York–based center and the main author of a new report on grant-making trends.

"Basically, when we see a year when asset values drop at year's end, it usually means that foundations would be conservative when planning their grant budgets for the coming year," she said.

$5-Billion Rise in 1990

The assets of the nation's grant makers rose only $5-billion in 1990, to $142.5-billion, according to the report, "Foundation Giving: Yearbook of Facts and Figures on Private, Corporate, and Community Foundations." Adjusted for inflation, foundation assets actually dropped in value by 1.4 per cent at the end of 1990, due in large part to the stock market's poor performance that year.

Even though assets grew slowly, foundation giving increased by 9.7 per cent because of robust investment growth in 1989. The portion of foundation assets distributed to non-profits increased to 6.1 per cent in 1990, up from 5.75 per cent in 1989.

Grant makers distributed a total of $8.7-billion in 1990, about $750-million more than the year before.

Even after adjusting for inflation, grants increased by 4 per cent in 1990, compared to 2 per cent the previous year. Inflation in 1990 was 5.1 per cent.

Corporate foundations reported the smallest increase—only 6 per cent—in the amount they distributed to non-profits during 1990. The report noted that corporate foundations, for the second year in a row, paid out far more in grants than they received in support from their parent companies. In 1990, corporate foundations gave away about $300-million more than they received.

Independent foundations distributed approximately $600-million in grants—10.5 per cent more than in 1989. The Foundation Center attributed that gain in part to the creation of a new fund, the Annenberg Foundation in St. Davids, Pa., which distributed nearly $60-million in 1990.

A review of over 57,000 grants of $10,000 or more made by 832 foundations showed these trends:

► Foundations continued to prefer to make grants to support specific programs. Such grants accounted for 40 per cent of all grants. Capital projects received 25 per cent of foundation dollars, while less than 12 per cent went to help non-profits with their general operating costs.

► Educational institutions and libraries received 26 per cent of all money from foundations during 1990, up from 22 per cent in 1989.

► Giving to health groups remained steady at about 17 per cent in 1990.

► Grants for arts, cultural, or humanities projects also received the same proportion as the year before, at about 14 per cent. Performing-arts, music, and theater received most of the arts money.

From 1989 to 1990, the number of foundations stayed almost constant, at around 32,000. Yet the 1980's represented a period of dramatic growth, during which nearly one of every four of the foundations active today was created, according to the Foundation Center.

Unlike 1989, when six foundations received gifts of over $100-million, no foundation received a donation of that size in 1990. The largest gifts to U.S. foundations in 1990 included:

► $76-million to the Frey Foundation in Grand Rapids, Mich., to add to its endowment.

► $76-million to the Hall Family Foundations in Kansas City, Mo., from the J. C. Hall estate.

► $52-million in a bequest to the Wayne & Gladys Valley Foundation in San Ramon, Cal.

► $51.6-million to the Forrest C. Lattner Foundation in Delray Beach, Fla.

► $50-million to the Procter & Gamble Fund in Cincinnati from the Procter & Gamble Company.

Most Give Locally

Foundations continued to give the bulk of their money to non-profits based in the same geographic region as the grant maker. Among the 8,700 largest foundations—those with assets of $1-million or more—only 23 per cent, or 2,000, give on a national or international basis, the study found.

While the bulk of foundation giving has traditionally been in the Middle Atlantic states (New York, New Jersey, and Pennsylvania), the South and Pacific regions have seen gains over the past 15 years.

About 26 per cent of all grant-making foundations are located in the Middle Atlantic states.

The Pacific states (Alaska, California, Hawaii, Oregon, and Washington) are home to 11 per cent of foundations. Those foundations in 1990 had just over 13 per cent of all foundation assets, up from only 7 per cent in 1975.

Foundations in the South Atlantic Region (Delaware, the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, and West Virginia) hold about 11 per cent of all assets, up from 8 per cent in 1975.

Overall, foundations in 10 states gave away the majority—about 71 per cent—of all foundation grants. New York foundations topped the list, awarding just under $2-billion, or 23 per cent of all grants.

Copies of the report are available for $19.95, plus $4.50 ($1.50 for each additional copy) for postage and handling from the Foundation Center, 79 Fifth Avenue, New York 10003; (800) 424-9836.

—JENNIFER MOORE

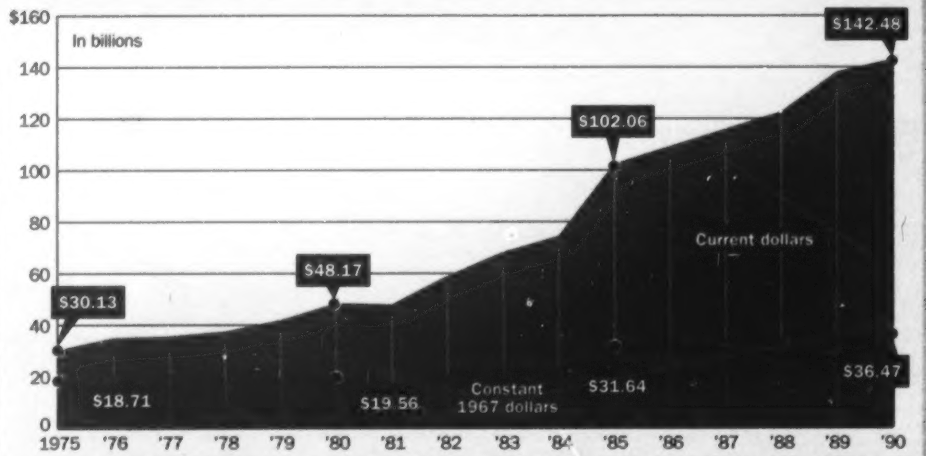
Foundation Trends

One-Year Changes

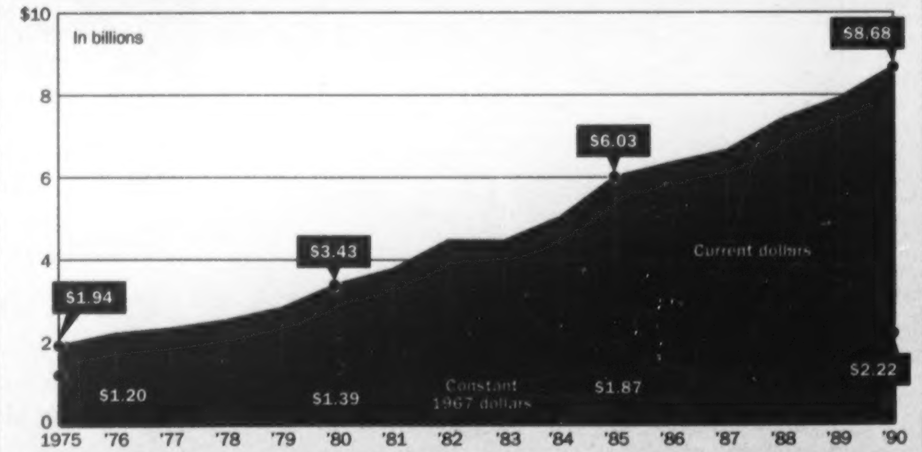
	1989	1990
All foundations		
Foundations	31,990	32,401
Total grants	$7,911,068,000	$8,676,720,000
Total assets	137,535,950,000	142,476,770,000
Gifts received	5,522,229,000	4,972,058,000
Independent foundations		
Foundations	28,669	28,743
Total grants	$5,992,009,000	$6,623,245,000
Total assets	117,941,264,000	121,596,833,000
Gifts received	3,667,669,000	3,035,178,000

	1989	1990
Corporate foundations		
Foundations	1,587	1,718
Total grants	$1,366,454,000	$1,443,732,000
Total assets	5,727,466,000	5,876,076,000
Gifts received	1,111,687,000	1,143,107,000
Community foundations		
Foundations	282	328
Total grants	$427,263,000	$495,886,000
Total assets	6,002,047,000	6,622,440,000
Gifts received	553,626,000	609,391,000

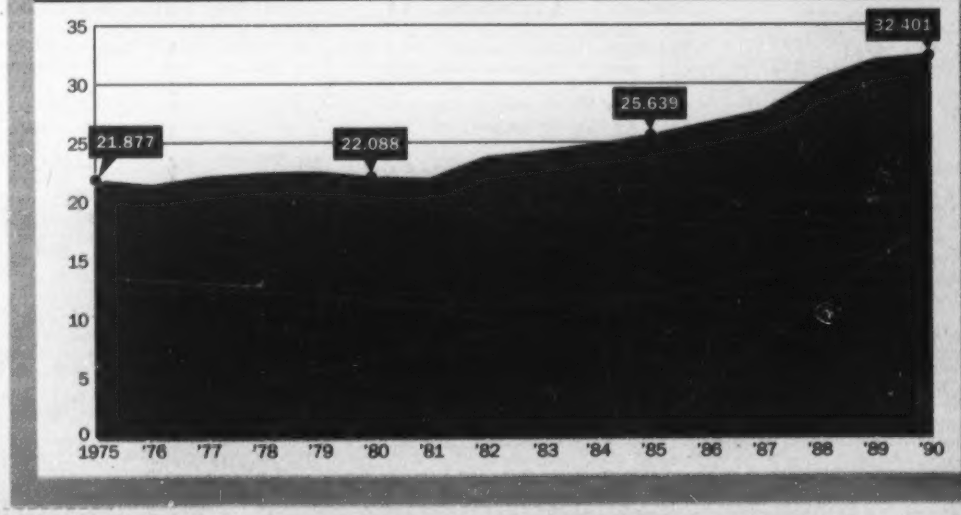
Effect of Inflation on Foundation Assets, 1975-90



Effect of Inflation on Foundation Grants, 1975-90



Number of Grant-Making Foundations, 1975-90



How Grants Were Distributed, 1990

By Subject

	Amount	Per cent
Arts & culture	$639,072,000	14.3%
Education	1,150,276,000	25.7
Environment & animals	208,111,000	4.7
Health	751,579,000	16.8
Human services	645,462,000	14.4
International affairs, development, & peace	140,414,000	3.1
Public & social benefit	491,140,000	11.0
Science & technology	222,688,000	5.0
Social sciences	133,495,000	3.0
Religion	85,113,000	1.9
Other	7,242,000	0.2

By Type of Support

	Amount	Per cent
General support	$553,096,000	12.4%
Capital support	1,110,340,000	24.8
Emergency funds	615,000	0.0
Program support	1,774,200,000	39.7
Research	473,958,000	10.6
Student aid funds	251,588,000	5.6
Technical assistance	53,223,000	1.2
Not specified	968,841,000	21.6

Note: Percentages do not add up to 100 because multi-purpose grants have been counted twice.

By Population Served

	Amount	Per cent
Aged	$101,610,000	2.3%
Alcohol & drug abusers	19,094,000	0.4
Children & youth	501,922,000	11.2
Crime or abuse victims	12,791,000	0:3
Disabled	156,230,000	3
Economically disadvantaged	209,181,000	4.7
Gays and/or lesbians	1,281,000	0.0
Immigrants & refugees	20,878,000	0.5
Men & boys	50,430,000	1.1
Military & veterans	1,985,000	0.0
Minorities	281,208,000	6.3
Offenders & ex-offenders	14,795,000	0.3
People with AIDS	29,042,000	0.6
Single parents	4,690,000	0.1
Women & girls	183,800,000	4.1
Not specified	3,260,440,000	72.9

State and Regional Data, 1990

	Number of foundations		Assets		Gifts received		Expenditures		Total grants	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
Middle Atlantic	**8,430**	**26.0%**	**$48,287,716,000**	**33.9%**	**$1,305,043,000**	**26.2%**	**$3,485,777,000**	**33.6%**	**$2,964,394,000**	**34.2%**
New Jersey	995	3.1	5,345,996,000	3.8	139,814,000	2.8	379,382,000	3.7	321,794,000	3.7
New York	5,736	17.7	31,263,775,000	21.9	918,685,000	18.5	2,333,937,000	22.5	1,954,077,000	22.5
Pennsylvania	1,699	5.2	11,677,945,000	8.2	246,544,000	5.0	772,458,000	7.4	688,522,000	7.9
East North Central	**5,975**	**18.4**	**28,177,376,000**	**19.8**	**896,407,000**	**18.0**	**1,937,988,000**	**18.7**	**1,656,254,000**	**19.1**
Illinois	2,051	6.3	8,245,282,000	5.8	261,312,000	5.3	634,926,000	6.1	539,066,000	6.2
Indiana	679	2.1	4,976,256,000	3	63,020,000	1.3	217,385,000	2.1	183,688,000	2.1
Michigan	990	3.1	8,851,956,000	6.2	201,643,000	4.1	559,074,000	5.4	483,112,000	5.6
Ohio	1,442	4.5	4,620,747,000	3.2	297,592,000	6.0	390,572,000	3.8	335,143,000	3.9
Wisconsin	813	2.5	1,483,136,000	1.0	72,840,000	1.5	136,032,000	1.3	115,245,000	1.3
Pacific	**3,550**	**11.0**	**19,050,089,000**	**13.4**	**847,218,000**	**17.0**	**1,280,742,000**	**12.3**	**1,022,064,000**	**11.8**
Alaska	24	0.1	9,317,000	0.0	1,484,000	0.0	1,751,000	0.0	1,264,000	0.0
California	2,591	8.0	16,937,618,000	11.9	714,046,000	14.4	1,101,820,000	10.6	871,038,000	10.0
Hawaii	141	0.4	394,302,000	0.3	30,431,000	0.6	26,739,000	0.3	21,893,000	0.3
Oregon	293	0.9	715,577,000	0.5	41,730,000	0.8	53,564,000	0.5	47,143,000	0.5
Washington	501	1.5	993,274,000	0.7	59,527,000	1.2	96,868,000	0.9	80,725,000	0.9
West South Central	**2,175**	**6.7**	**11,378,004,000**	**8.0**	**286,934,000**	**5.8**	**879,865,000**	**8.5**	**644,395,000**	**7.4**
Arkansas	160	0.5	418,746,000	0.3	23,361,000	0.5	44,728,000	0.4	39,825,000	0.5
Louisiana	213	0.7	466,984,000	0.3	19,883,000	0.4	31,262,000	0.3	22,687,000	0.3
Oklahoma	263	0.8	2,001,541,000	1.4	25,188,000	0.5	120,596,000	1.2	87,961,000	1.0
Texas	1,539	4.7	8,490,733,000	6.0	218,502,000	4.4	683,278,000	6.6	493,923,000	5.7
South Atlantic	**4,360**	**13**	**16,113,497,000**	**11.3**	**642,302,000**	**12.9**	**1,171,909,000**	**11.3**	**990,240,000**	**11.4**
Delaware	160	0.5	961,686,000	0.7	18,231,000	0.4	61,109,000	0.6	54,200,000	0.6
District of Columbia	274	0.8	1,525,108,000	1.1	69,237,000	1.4	136,318,000	1.3	107,084,000	1.2
Florida	1,300	4.0	3,219,821,000	2.3	149,349,000	3.0	273,596,000	2.6	231,575,000	2.7
Georgia	551	1.7	3,102,209,000	2.2	133,018,000	2.7	173,025,000	1.7	155,250,000	1.8
Maryland	579	1.8	1,970,646,000	1.4	55,686,000	1.1	124,303,000	1.2	110,073,000	1.3
North Carolina	585	1.8	3,123,785,000	2.2	116,267,000	2.3	208,456,000	2.0	182,151,000	2.1
South Carolina	217	0.7	331,648,000	0.2	15,366,000	0.3	29,379,000	0.3	24,503,000	0.3
Virginia	587	1.8	1,658,668,000	1.2	66,772,000	1.3	149,610,000	1.4	111,853,000	1.3
West Virginia	107	0.3	219,926,000	0.2	18,376,000	0.4	16,111,000	0.2	13,550,000	0.2
West North Central	**2,404**	**7.4**	**7,261,157,000**	**5.1**	**379,260,000**	**7.6**	**628,100,000**	**6.1**	**568,132,000**	**6.5**
Iowa	472	1.5	618,708,000	0.4	21,877,000	0.4	59,173,000	0.6	54,052,000	0.6
Kansas	336	1.0	360,546,000	0.3	27,971,000	0.6	37,493,000	0.4	33,017,000	0.4
Minnesota	593	1.8	3,646,864,000	2.6	151,723,000	3.1	284,824,000	2.7	256,909,000	3.0
Missouri	680	2.1	2,095,256,000	1.5	148,625,000	3.0	193,965,000	1.9	177,060,000	2.0
Nebraska	216	0.7	482,425,000	0.3	26,605,000	0.5	47,448,000	0.5	43,543,000	0.5
North Dakota	51	0.2	38,446,000	0.0	1,623,000	0.0	3,444,000	0.0	2,260,000	0.0
South Dakota	56	0.2	18,912,000	0.0	837,000	0.0	1,755,000	0.0	1,292,000	0.0
New England	**3,244**	**10.0**	**6,737,828,000**	**4.7**	**373,547,000**	**7.5**	**579,283,000**	**5.6**	**492,403,000**	**5.7**
Connecticut	799	2.5	2,482,320,000	1.7	160,117,000	3.2	243,242,000	2.3	207,021,000	2.4
Maine	285	0.9	117,489,000	0.1	6,822,000	0.1	10,604,000	0.1	8,580,000	0.1
Massachusetts	1,701	5.2	3,056,519,000	2.1	145,224,000	2.9	247,488,000	2.4	210,604,000	2.4
New Hampshire	210	0.6	364,104,000	0.3	16,220,000	0.3	24,590,000	0.2	20,753,000	0.2
Rhode Island	173	0.5	631,329,000	0.4	41,107,000	0.8	46,830,000	0.5	41,464,000	0.5
Vermont	76	0.2	86,066,000	0.1	4,057,000	0.1	6,529,000	0.1	3,982,000	0.0
Mountain	**1,168**	**3.6**	**3,328,678,000**	**2.3**	**109,550,000**	**2.2**	**233,067,000**	**2.2**	**190,335,000**	**2.2**
Arizona	233	0.7	515,822,000	0.4	19,933,000	0.4	39,705,000	0.4	29,969,000	0.3
Colorado	403	1.2	1,447,103,000	1.0	57,777,000	1.2	117,552,000	1.1	96,592,000	1.1
Idaho	75	0.2	74,578,000	0.1	2,160,000	0.0	5,357,000	0.1	4,301,000	0.0
Montana	90	0.3	60,812,000	0.0	6,631,000	0.1	4,302,000	0.0	3,410,000	0.0
Nevada	94	0.3	686,517,000	0.5	12,588,000	0.3	33,235,000	0.3	29,405,000	0.3
New Mexico	71	0.2	143,521,000	0.1	4,548,000	0.1	8,735,000	0.1	5,873,000	0.1
Utah	146	0.5	319,907,000	0.2	3,238,000	0.1	19,756,000	0.2	17,335,000	0.2
Wyoming	56	0.2	80,418,000	0.1	2,674,000	0.1	4,424,000	0.0	3,451,000	0.0
East South Central	**1,090**	**3.4**	**2,053,414,000**	**1.4**	**128,605,000**	**2.6**	**174,828,000**	**1.7**	**147,111,000**	**1.7**
Alabama	330	1.0	471,741,000	0.3	50,800,000	1.0	36,609,000	0.4	31,766,000	0.4
Kentucky	278	0.9	502,655,000	0.4	41,491,000	0.8	50,152,000	0.5	39,491,000	0.5
Mississippi	125	0.4	116,749,000	0.1	6,971,000	0.1	11,768,000	0.1	9,835,000	0.1
Tennessee	357	1.1	962,268,000	0.7	29,343,000	0.6	76,300,000	0.7	66,018,000	0.8

SOURCE: Foundation Center

CHRONICLE CHART BY JOJO GRAGASIN

In Seeking Gifts, Churches Stress the Spiritual

More and more Christian groups are trying to win gifts by appealing to a donor's spiritual motivations and are backing away from fund-raising techniques that are popular with most secular charities, according to a new report by the Ecumenical Center for Stewardship Studies in Indianapolis.

The report, which was produced with a grant from the Lilly Endowment, noted that many Christian groups are emphasizing "stewardship," which refers to the Biblical concept that people are servants to God, and therefore must contribute a large portion of their time and personal wealth toward accomplishing God's work.

Even though the stewardship approach has become more popular with many churches, the report, which analyzed recent research on religious giving, noted that the differences between giving by people of different faiths were more striking:

► Members of conservative Protestant congregations put a higher portion of their income into church coffers than did more-liberal Protestants and Roman Catholics.

► Among the religious groups that receive the largest share of church members' income: the Church of Jesus Christ of Latter-day Saints, known as the Mormons, which collects on average more than 7 per cent of pre-tax household income from its members; Assemblies of God, whose members give more than 5 per cent of their earnings; and the Seventh-day Adventist Church, whose members give more than 4 per cent to the church.

► Among the religious groups that receive the smallest share of their members' income: the Episcopal church, which gets about 1.7 per cent of members' pre-tax income; the Evangelical Lutheran Church in America, which gets about 1.5 per cent; and the Catholics church, which gets less than 1.3 per cent.

More Studies Sought

The report said that more studies on religious giving should be conducted and suggested several hypotheses that should be tested. Among them:

► Is church giving greater for congregations that ask for a portion of personal income than at those that stress how much a church actually needs to run its programs?

► Do younger and more educated church members prefer to support specific church programs, rather than giving money to be used for general operating costs, as some religious fund raisers have suggested?

Copies of the report, "Research on Factors Influencing Giving to Religious Bodies," can be obtained from the Ecumenical Center for Stewardship Studies, 1100 West 42nd Street, Suite 335, Indianapolis 46208; (317) 926-3525. The cost is $12, plus $2 for shipping and handling. —VINCE STEHLE

JOYCE MARSHALL, FOR THE CHRONICLE

JOYCE MARSHALL, FOR THE CHRONICLE

Arthur C. Hester, the General Motors plant manager, reminds workers that community support helped save their jobs and urges them to return the favor by giving to United Way.

Most Big United Way Campaigns Have Set Conservative Goals

MOST OF THE NATION'S LARGE United Ways are setting conservative fund-raising goals for their fall drives, making it virtually certain that many nonprofits supported by the big charity federation will feel a financial pinch next year.

Only five of the 25 biggest United Ways expect to raise enough to stay ahead of the current inflation rate of 3.2 per cent. And four are estimating that they will bring in less money than they did last year, according to a survey by *The Chronicle*.

The tight economy plus the controversy over former United Way of America President William Aramony are the chief reasons that many of the big United Ways are trying to scale back expectations. Many also say they are getting protests from donors over the decision by the San Francisco United Way to stop supporting the Boy Scouts because of the organization's national policy of excluding homosexuals.

The only United Ways among the top 25 that are anticipating gains that will outpace inflation are those in Atlanta, Indianapolis, Houston, San Francisco, and Seattle.

United Way of America has not yet issued an estimate of how much it expects all 2,100 United Ways to raise this year, but Michael R. Wargo, vice-president for community campaigns, said preliminary tabulations showed that the drives will bring in 4 per cent more than last year. United Ways raised a total of $3.17-billion last year, a $60-million increase over 1990, but it was the second year in a row that the total did not keep pace with inflation. The Bureau of Labor Statistics is predicting that the inflation rate for the entire year of 1992 will be 2.9 per cent.

"My expectation is that it will, in fact, grow and I think it will grow in spite of the economy," said Mr. Wargo. "That's because there are many United Ways out there who are telling their story, trying to include everybody."

While the controversies over United Way policies and management have prompted much criticism from donors, the shaky economy is by far the leading concern for most fund raisers.

At Denver's Mile High United Way, which plans to raise $26.4-million, $1.2-million less than last year, Gayle Greer, chairman of the board, said layoffs at some of the city's largest employers—including Manville, Martin Marietta, Public Service Company of Colorado, Time Warner Cable, and US West—were the main reason for setting a lower goal.

She added another important factor in setting this year's goal: "We also feel that we have a real good chance of exceeding that goal." After the difficulties of dealing with hard economic times, "we wanted to have a goal that at the end of the year we could celebrate."

In addition to Denver, United Ways in Cleveland; Hartford, Conn; and Philadelphia are planning to raise less than they brought in last year.

Economy Is Blamed in Chicago

Mark Knickelbine, spokesman for Chicago's United Way/Crusade of Mercy, also said that the economic downturn was the primary problem facing this fall's campaign. Chicago hopes to raise $109-million, compared to the $105.6-million it brought in in 1991-92.

Because of layoffs, "companies don't have people there to contribute," Mr. Knickelbine said. Making matters worse, he said, was that "some of those companies are finding themselves hard pressed to devote the human resources" needed to run a successful campaign.

But he said he was also worried about the impact of the controversies. The United Way of Chicago has placed the local Boy Scouts council on "provisional membership" status for its requirement that members pledge their "duty to God" and for its policy excluding homosexuals, but has not cut off support.

The action means that the Boy Scouts have up to three years to comply with the United Way's equal-opportunity and affirmative-action policies

Continued on Page 29

1992 Fund-Raising Goals of 25 Largest United Ways

	1991-92 actual	1992-93 goal	Percentage change
Chicago	$105,581,000	$109,000,000	+ 3.2%
Los Angeles	85,200,000	No goal	—
New York	77,000,000	Not set yet	—
Washington	74,895,519	No goal	—
Houston	64,003,621	67,000,000	+ 4.7
Detroit	62,723,000	63,600,000	+ 1.4
San Francisco	59,008,528	72,000,000	+22.0
Philadelphia	55,220,000	55,200,000	—[1]
Atlanta	54,049,928	58,033,000	+ 7.4
Cleveland	51,306,124	47,500,000	- 7.4
St. Louis	50,078,936	51,000,000	+ 1.8
Boston	47,389,527	Exceed 1991	—
Minneapolis	47,025,000	47,500,000	+ 1.0
Seattle	45,502,075	47,300,000	+ 4.0
Cincinnati	43,400,093	Not set yet	—
Dallas	43,160,077	43,656,000	+ 1.1
Baltimore	39,009,745	Not set yet	—
Pittsburgh	36,700,000	37,100,000	+ 1.1
Rochester, N.Y.[2]	35,400,000	38,500,000	- 8.8
Kansas City, Mo.	33,356,000	33,870,500	+ 1.5
Columbus, Ohio	33,000,000	No goal[3]	—
Indianapolis	31,320,499	33,688,582	+ 7.6
San Diego	30,720,000	Exceed 1991	—
Denver	27,503,457	26,350,000	- 4.2
Hartford, Conn.	26,500,000	23,500,000	-11.3

[1] Decrease of less than 1 per cent.
[2] Spring campaign.
[3] Seek to raise maximum amount possible for health and human services.

interview subjects, Mr. Phillips says. Donors said that they were more emotionally affected by that slogan and that it made them more aware of how their donations would be used to help the needy.

Apologizing for National Scandal

As part of the communications strategy, campaign leaders have also prepared a two-page primer to help volunteers answer questions about controversial issues that may come up.

For example, the primer says that if volunteers are asked about "the reports of extravagant living by United Way of America's president," they should deliver an answer similar to the following:

"The United Way is sincerely sorry for the actions that have occurred on the national level. Rest assured that corrective actions were quickly taken at United Way of America so that additional financial mismanagement will never happen again."

One local business leader who won't be swayed by this year's promotional strategy runs a company with 100 employees. His company has participated in the United Way drive for more than 15 years but withdrew this year—despite two entreaties by senior campaign officials—because he was unhappy about Mr. Aramony's management and spending practices and about the decision by San Francisco's United Way to cease giving money to the Boy Scouts.

The businessman declined to be identified by name, saying that he did not want to have a "high profile" as an opponent of the United Way campaign. "They did something I would have a hard time justifying to my employees," he says, but "I don't want to get into an adversary relationship with them."

He says he was displeased by reports that Mr. Aramony had diverted United Way funds for personal use and had started several spinoffs to carry out services for United Way. Although Mr. Aramony has denied serious improprieties and United Way of America officials have tightened their management and spending practices, the businessman says, "it's too bad that it went on for a number of years before anybody caught it."

As for the Boy Scouts controversy, he says that cutting off aid to the youth group "flies in the face of anyone who has a family."

'Magic in the Air'

Despite the weakness of the General Motors' campaign, Mr. Jirik, the United Way president, is optimistic about reaching the $22.6-million goal. He says results from early drives show solid support in key areas. Mr. Jirik is cheered that Harris Methodist Health Systems' employees so far have given 15 per cent more than last year at this time.

"I really sense a magic in the air," he told a meeting of key business leaders preparing for this fall's campaign. Despite the potential repercussions of the United Way of America controversy and the other local concerns, he said, "people are behind the campaign. I just feel it."

The campaign will end on October 23. In November, Mr. Jirik and about 120 volunteers will begin the task of dividing up the campaign total among non-profits that serve the needy. Karen Perkins, executive director of the Women's Center of Tarrant County, which provides rape counseling and job training, will be watching. Her agency wants a 5-per-cent increase in its allocation this year.

The agency has suffered severe cuts in federal support this year. It lost $280,000 in government aid for a job-placement program, $15,000 for rape-crisis therapy, and $35,000 for a program to encourage tenants in public-housing projects to become more self-sufficient.

Ms. Perkins concedes that some may think it "cheeky" to be asking United Way for a 5-per-cent raise but she says that it's a question of finding new sources of money or eliminating worthy programs.

"This community will dig deeper when times are tough," she says. "It seems the rank-and-file workers tend to dig deeper."

Not All Need Pitch

Back at the General Motors plant, autoworker Roy Lee Taylor Jr. stands beside a conveyor belt as brand-new Caprices slowly roll past his work station. He has just finished listening to the United Way pitch and he says he was impressed with the speeches and campaign film that included music by the country singer Randy Travis. But Mr. Taylor says he didn't need the pitch. He has been a loyal contributor to the United Way for 25 years.

"They didn't have to show me all that," he says. "I would give anyway."

This is the first in a series of articles showing the inside operations of a United Way campaign, from the start of the drive to the allocation of the money to charities.

Most Big United Way Campaigns Have Set Conservative Goals

Continued from Page 27

or else the charity will no longer be eligible for United Way aid.

Mr. Knickelbine said Chicago United Way leaders had not conducted any surveys to determine whether donors might withhold their contributions because of anger at the United Way.

"I can't give you a blanket statement that people are more ticked off about the Boy Scouts than the Aramony situation," Mr. Knickelbine said. But, he said, "we're not fooling ourselves. We realize both of these issues are causing significant questions in the minds of donors."

Smaller United Ways are also worried about the impact of the weak economy. In Duluth, Minn., early results indicate that the biggest problem facing the campaign has been the fact that many people in middle-management posts at local companies have lost their jobs and moved to other areas, said Kathleen Busche, the campaign director.

"We came into this thinking the United Way of America issue would be our biggest problem," she said. "It's not. Middle management is the biggest problem."

Duluth's United Way leaders have set a $2-million goal, 4.4 per cent higher than in 1991.

22% Increase in San Francisco

Some United Ways have set goals based on how much help charities in their cities need, not how much they think they can count on raising.

At San Francisco's United Way of the Bay Area, officials have set a goal of $72-million, a 22-per-cent increase over last year's total. United Way leaders have not detected any major improvements in the area's economic health, but they think it is important to have an ambitious goal.

"It's largely symbolic," said John Stafford, the United Way's spokesman.

He said the estimate for this year was intended to serve as a reminder of how much more needs to be raised if the United Way is to meet its goal of raising $100-million by 1996.

Mr. Stafford said the high goal was also intended to underscore a serious increase in the city's social-service needs at a time when the state government is cutting its support for many groups that provide such services.

He also said United Way leaders were expecting a significant increase in donations partly due to "Project Share," a new effort that allows rival fund-raising federations to join the United Way's campaign and share in its expenses. In the past, other fund-raising federations were not allowed to raise money as part of the United Way campaign. United Way leaders say they expect the collaborative effort to draw new donors.

Some Won't Announce Goals

Although many local United Ways usually release their fund-raising goals by August, seven of the largest United Ways—including Los Angeles and New York City—either have not set a specific goal or do not plan to announce one publicly.

Both the New York and Los Angeles United Ways did not fare well last year, raising less than they had the year before.

Byron Allumbaugh, chairman of the Los Angeles United Way campaign, said it would be "arbitrary" to set a campaign goal this year because of the harsh recession and last spring's riots in his city.

"So, we'll simply state the obvious: We need to raise all the money we can possibly raise to ameliorate problems ranging from hunger and homelessness to medical care for the elderly and programs to help the youth of our community lead productive lives," said Mr. Allumbaugh, who is chairman and chief executive officer of Ralph's Grocery Company. —BRUCE MILLAR

Dan Joseph contributed to this article.

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Women's Funds Suffer a Decrease in Donations, but Endowments Show Growth

By DAN JOSEPH

The endowments of funds that concentrate on aiding women increased sharply last year, but the funds also saw a decrease in donations, according to a new survey by the National Network of Women's Funds.

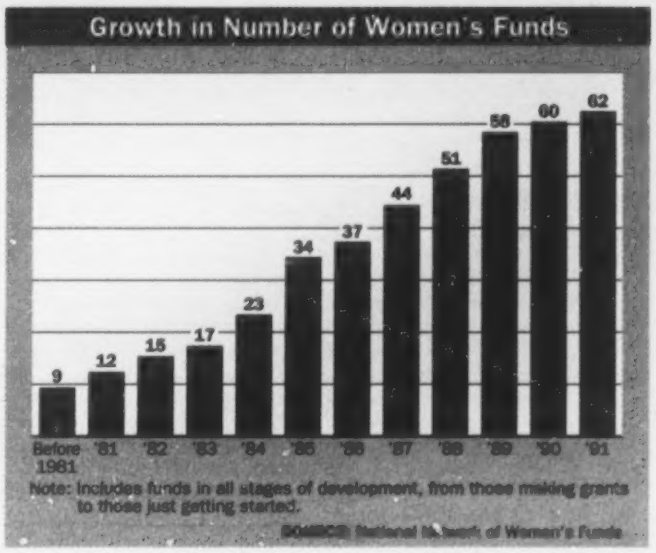
Endowments increased 14.4 per cent for the 22 funds that reported their endowment size in both 1990 and 1991, according to the network, which represents 62 grant makers that earmark at least three-fourths of their awards for programs that aid women and girls.

The median endowment size for these 22 grant makers rose to $549,393, meaning that half the endowments were larger than that number and half were smaller.

At the same time, donations dropped 5.6 per cent for the 30 funds that reported this figure both of the last two years. The median amount of donations received by those funds was $158,603.

Endowment and donation totals varied widely among the funds. The group with the largest endowment was the Kentucky Foundation for Women, at about $8-million, while many funds had endowments of less than $100,000. The Ms. Foundation for Women, based in New York, raised the most money last year, $2.2-million, while most funds raised less than $500,000.

The network's executives attributed the funds' revenue drop to the weak state of the economy. But they were uncertain why the value of the funds' endowments had been increasing so rapidly.


Growth in Number of Women's Funds

Note: Includes funds in all stages of development, from those making grants to those just getting started.

SOURCE: National Network of Women's Funds

CHRONICLE CHART BY JOJO GRAGASIN

A Few Build Endowments

Carol Mollner, executive director of the network, said the increase probably did not result from investments that funds have made. She said that many funds had not tried building their endowments through fund raising until 1991, so that could account for the gain. The funds, most of which are under 10 years old, often have preferred establishing records as grant makers before starting campaigns to raise money for endowments, she said.

But not all funds have taken that course. The four-year-old Maine Women's Fund has pumped almost all the money it has received since its inception into its endowment, said the director, Joanne Peterson. The fund increased its endowment by about 12 per cent last year, to over $200,000, through a special fund-raising drive, she said.

Kris Torkelson, director of development for the Chicago Foundation for Women, noted that some donors, especially those making substantial contributions, prefer that their money be put into endowments. Several large gifts have increased the Chicago foundation's endowment from $357,000 in 1989 to $608,000 in 1991, she said.

Ms. Mollner said she believed that the drop in donations was a result of the recession. The tight economy has hurt the middle-class and working women on whom the funds depend for the majority of their contributions, she said.

Many of the donors who had given in the past continued to do so, but their gifts were generally smaller, Ms. Mollner said.

The survey found that six funds received 100 per cent of their contributions from individuals and that most funds received less than one-fifth of donations from corporations and other foundations. Five funds received individual gifts of more than $100,000, but 98 per cent of the gifts from individual donors were for less than $5,000.

Officials of the network say that even though last year's fund-raising figures were not robust, they expect the funds to do better this year. Reports on fund raising so far show that many funds are increasing their revenues more rapidly than they did last year.

"The numbers seem to be better," said Joan Brintnall-Fawcett, member-services director of the network. "I think the turnaround is starting, but there's still a struggle among the funds. The strategies that have been tried haven't been working."

The tight economy has hurt the middle-class and working women on whom the funds depend for their contributions.

Copies of the survey results can be obtained free from Ms. Brintnall-Fawcett, National Network of Women's Funds, 1821 University Avenue, Suite 409 North, St. Paul 55104; (612) 641-0742.

Where Non-Profit Postal Subsidies Stand in Congress

Latest Action: The Senate passed a bill that would provide $200-million in postal subsidies for non-profits in fiscal 1993, which begins October 1.

What Legislation Would Do: The bill, which is similar to legislation passed by the House, provides $282-million less than the Postal Service wanted. Both the House and Senate bills would prohibit the Postal Service from making up that gap by raising non-profit rates during fiscal 1993.

Next Step: Lawmakers in the House and Senate must reconcile the differences in the big appropriations measure that contains the provision affecting non-profit mail. After that, a compromise measure will be sent to President Bush for his approval.

IN BRIEF: Fund Raising

Over $45-Million Raised for Muscular Dystrophy

The annual Muscular Dystrophy Association Jerry Lewis Labor Day Telethon raised $45.76-million in pledges this year—a 1.5-per-cent increase over last year.

For the second year in a row, disability activists held demonstrations to protest the fund-raising tactics used during the telethon. The protesters have contended that the association exploits people with the disease to evoke pity and wring money from viewers. Small and peaceful protests took place outside about a dozen television stations that broadcast the telethon.

Jim Brown, director of public-affairs for the association, said the telethon did not exploit disabled people but showed them leading productive lives. "To say that our telethon doesn't portray people in the most successful manner is a fallacy," he said.

Mr. Brown said he did not believe the activists had any impact on the amount brought in by the telethon. He noted that the appeal raised more than it ever had, even though the destruction wrought by Hurricane Andrew a week before the telethon and the "lackluster economy" could have caused more people than usual to refrain from giving.

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

October 1991	9.0%
November	8.6
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6
June	8.4
July	8.2
August	7.8
September	7.2

SOURCE: PG Calc Inc.

Report Opposes Proposal on Accounting for Pledges

Charities should not be required to count pledges of donations as revenue, concludes a new report issued by the Program on Non-Profit Organizations at Yale University.

The report, by Hayden W. Smith, an economist and former senior vice-president at the Council for Aid to Education, was written in response to a proposal by the Financial Accounting Standards Board, an organization that sets the accounting rules followed by most businesses and organizations. The seven-member board has recommended that such a requirement be adopted as part of a sweeping effort to overhaul the way non-profits prepare their financial documents.

The report said counting pledges as assets would exaggerate the wealth of most non-profits, since groups would have to count the pledges in the year they were promised, not the year the money was received.

Members of the standards board have said they disagree, arguing that counting pledges provides a more reliable picture of a non-profit's financial status.

The board has been working on its proposal to revamp standards for non-profit accounting for several years, but has not been able to come up with a final version. A new proposal is expected to be issued next month.

Copies of the report, "Pledges: To Recognize or Not to Recognize; When Does a Charitable Contribution Occur?" cost $4.50 each and are available from the Program on Non-Profit Organizations, P.O. Box 154, Yale Station, New Haven, Conn. 06520.

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Facing Steep Decline in Revenue, YWCA Cuts Half Its National Staff

The YWCA of the U.S.A. has laid off half its staff as part of a sweeping overhaul of the organization's structure and changes in its program.

Seventy jobs have been cut at the New York–based organization, which is the umbrella group for 400 YWCA's nationwide.

Gwendolyn C. Baker, national executive director of the YWCA, said that the organizational changes were partly due to financial problems. The national headquarters' revenues have decreased by between 20 and 30 per cent during the past year, she said.

Although Ms. Baker declined to provide specific details about the status of the organization's budget, the group's latest annual report said that total revenues for the fiscal year ending August 31, 1991, were $8.8-million, while the previous year's annual report listed total revenues as $10.2-million.

Ms. Baker said the group's money problems were caused by slow growth in its investments and a decline in dues paid by local YWCA's.

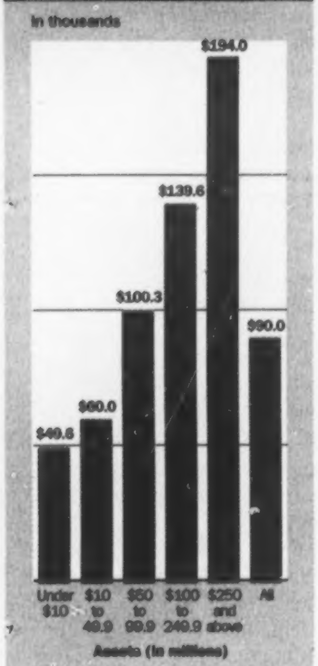
However, Ms. Baker said that the changes were not made simply for financial reasons but were needed "to bring the YWCA into the 21st century."

Under the re-organization, the group intends to:

- ► Step up use of computers to deliver services that have traditionally been provided by staff members.
- ► Sponsor more research and conduct lobbying efforts to improve women's health.
- ► Expand membership by recruiting college-age women and members of minority groups.

—HOLLY HALL

Corrected Chart: Median Chief Executives' Salaries at Private Foundations



SOURCE: Council on Foundations

CHRONICLE CHART BY JOJO GRAGASIN

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PRESS CLIPPINGS

FORTUNE
THE BILLION
PLUS: HOW THEY GIVE
BILLIONAIRES
HOW THEY GIVE THEIR MONEY AWAY

'Fortune': Today's Billionaires Not as Generous as Yesteryear's

IN ITS ANNUAL LISTING of the world's billionaires, *Fortune* (September 7) contends that today's wealthy people aren't nearly as generous as those of previous generations.

As an example, the magazine cites the $100-million gift made by the industrialist Henry Rowan to Glassboro State College in New Jersey this summer. Although that was one of the largest gifts ever made to a college, it's not worth nearly as much as the donation of James Duke, whose $80-million contribution to Duke University 70 years ago is equivalent to $645-million today, *Fortune* says.

"After a decade in which the rich succeeded in making themselves only richer, it would be wonderful to say that they had also become more generous," the magazine says. "Unfortunately, they did not."

'Lear's': Fierce Battles Among AIDS Groups

"CELEBRITY FUND RAISING for AIDS has brought out the best and worst in Hollywood, revealing a nervous panoply of glitter, grief, and guilt," says *Lear's* (September). "Never before has the industry rallied around a single cause as it has for AIDS; clearly there has been an orgy of giving. But there also has been an outbreak of factional disputes."

Part of the reason for the increased turf battles is heightened competition. In Los Angeles alone, at least 100 groups raise money for AIDS. "You see 100 rents paid, 100 administrative costs, and people getting invited to hundreds of events," Marcia Smith of the Search Alliance, an AIDS group in Los Angeles, told the magazine. "People get direct mail from Carol Burnett, from Sandy Duncan, from God knows who. Everybody has their own foundation now—Liz Taylor, Magic Johnson, Dionne Warwick. People don't know where to go, who to contribute to."

But it's not only increased competition that has caused so many skirmishes. It's also the increasing influence of celebrities over the organizations with which they are associated, according to *Lear's*. For AIDS groups, "the measure of your importance is the measure of celebrity involvement you attract," Michael Weinstein, director of the AIDS Healthcare Foundation in Los Angeles, told the magazine. "That's not how it should be, particularly with an issue like AIDS. But that's how it is."

Notes

► Can United Way regain the public's trust after the scandal over former President William Aramony's salary, perquisites, and loose management style? Even though United Way of America last month named a replacement for Mr. Aramony, the organization continues to be dogged by publications asking that question. The *Los Angeles Times Magazine* is the latest to weigh in, with an article explicitly detailing the United Way's troubles this year. "It's too early to tell whether the damaging revelations and uncertainty over federal officials' wide-ranging criminal investigation will cut deeply into donations," noted the magazine. "Many observers believe that United Way is in for several lean years."

► Telethons to raise money to help people with serious diseases will be the next target for disability activists, now that the federal Americans with Disabilities Act has gone into effect, predicts Mary Johnson in *The Nation* (September 14). Ms. Johnson, editor of *The Disability Rag*, says that many activists "accuse the charities of treating disabled people as objects of pity and say they paint a picture of disability as a fate worse than death, and of disabled people as desperately waiting for a cure, without which their lives are useless." She notes that many of the activists have been protesting the Muscular Dystrophy Association's annual Labor Day telethon for the past several years because they don't like the way Jerry Lewis portrays people with the neuromuscular disease, contending he refers to adults with the disease as his "kids."

In a letter to the *The Nation*, Robert Ross, senior vice-president of the MDA, replied that the association's telethon "does *not* represent its beneficiaries as pitiful, childlike (unless they *are* children), or helpless." He complained that critics of the telethon have been allowed to get away with "lies" because "people presume that a person with a disability who claims to speak on behalf of others in similar circumstances does so on the basis of special insights unavailable to the rest of us and with sensitivities that demand unquestioning respect."

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HELPING BLACK CHURCHES HEAL CITIES

Grant makers, once reluctant to support congregations, have begun building their capacity to save blighted neighborhoods

By KRISTIN A. GOSS

DON HAMERMAN FOR THE CHRONICLE

The Rev. Gary V. Simpson, pastor of Brooklyn's Concord Baptist Church of Christ: "The only way the cities are going to get better is if the churches say, We're going to stay and do it." See story on Page 16.

WHEN LOS ANGELES ERUPTED in riots last spring, members of the First African Methodist Episcopal Church, along with its activist pastor, the Rev. Cecil Murray, quickly hit the streets to calm rioters, distribute relief assistance, and lead the crusade for community healing. Identified by civic leaders as the most effective spiritual and social institutions in the strife-torn area, the black church and its social-services arm were flooded with $800,000 in contributions from individuals, foundations, and corporations—many of which had never supported a church before.

The episode dramatized what many black pastors and a small contingent of grant makers had been arguing for years: that the black church—with its wealth, community clout, and tradition of social activism—was the logical, if largely unrecognized, starting point for any effective strategy to arrest poverty and revitalize urban areas.

And although grant makers have mostly ignored the nation's estimated 65,000 black churches as potential partners or grant recipients, a growing number of foundations have begun to end the estrangement.

The churches themselves are eager for assistance. More and more, they are forging broad, interdenominational coalitions to improve life in the inner cities, just as they came together in the 1950's and 1960's to fight for civil rights.

The scale of their community-development and social-service efforts is unprecedented, say observers. Those efforts require legal, financial, and other technical skills that members of the clergy historically have lacked, and prominent black pastors are urging more foundations to finance training programs that would help build the church's capacity to meet increased demands. (See stories on Page 18.)

But if organized philanthropy is to work more closely with religious institutions, leaders in both quarters agree, a big obstacle stands in the way: Foundations and black churches are very different institutions, with very different styles of operating. Each may have built-in suspicions—some would say prejudice—against the other, and it will take time to break down cultural divides, observers argue.

"We don't understand each other. We don't speak the same language. And we have not seen a need to come together," says the Rev. Alicia Byrd, project director at the Congress of National Black Churches, a national coalition of seven black denominations.

Churches' 2 Main Allies

Black churches have two powerful allies in the foundation world: the $3.8-billion Lilly Endowment in Indianapolis and the $6.6-billion Ford Foundation in New York, both of which make grants to study the social role of black churches and to enhance their capacity to deliver services. Lilly has given $25-million since beginning its black-church program in 1975, and Ford has given $12.7-million since its program began in 1983. Together, the foundations put

Continued on Page 16

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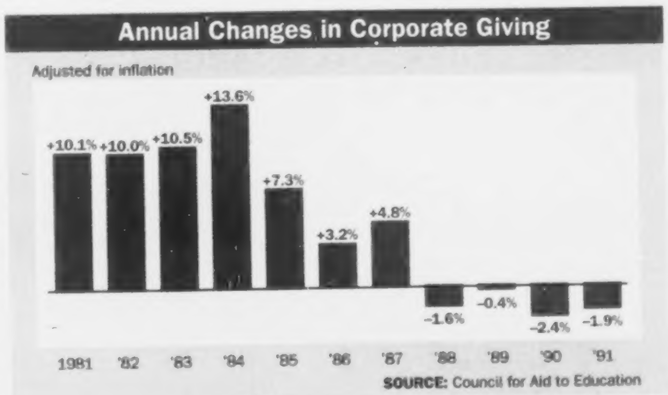

SOURCE: Council for Aid to Education

CHRONICLE CHART BY JOJO GRAGASIN

Company Gifts Trail Inflation

Charitable giving by corporations failed to keep pace with inflation for the fourth straight year (*see chart above*), according to the Council for Aid to Education. Story on Page 8.

A Balancing Act at MacArthur

Adele Simmons, president of the John D. and Catherine T. MacArthur Foundation, must deal with an increase in applications and a stagnant endowment. Story on Page 6.

A complete guide to this issue appears on Page 3.

Corporate Giving Trailed Inflation in 1991

Corporate giving in 1991 failed to keep pace with inflation for the fourth year in a row, according to estimates released last week by the Council for Aid to Education.

Corporate donations to all charitable causes inched up 2 per cent to $6-billion in 1991, according to the council. That amounted to a 1.9-per-cent drop in giving after adjusting for inflation, the council said.

Since 1987, corporate donations have dropped by roughly 10 per cent, or an average of 2.4 per cent a year, in inflation-adjusted dollars.

Hayden W. Smith, an economist at Yale University's Program on Non-Profit Organizations, said that "companies are telling us that they are in no position to take on new gift commitments this year." But he predicted that corporate giving might well increase above inflation 1993, because corporate earnings for the first two quarters of 1992 have been "surprisingly strong."

Mr. Smith, who retired as the council's senior vice-president in 1990, said that a 6-per-cent drop in corporate earnings in 1991 was the primary reason corporate giving did not increase.

He noted that company foundations have played an important role in stabilizing giving during the recession. Although companies have been putting much less money than usual into their foundations during the economic downturn, those foundations have compensated by dipping into their endowments, he said. Since 1988, company foundations have awarded $1.6-billion more in grants to non-profits than they have taken in from their parent corporations, the council's report said.

If the $6-billion giving figure for 1991 sounds familiar, that's because the council also estimated that company giving in 1990 was $6-billion. Now the council says the 1990 estimate was too high; companies gave $5.86-billion in 1990.

New IRS Data

The revised figure is based on new Internal Revenue Service data, which the council uses to help calculate its giving estimates. In the most recent information available from the IRS, companies reported that they gave $4.9-billion in 1989, a full $200-million less than the $5.1-million projected by the council last year. That adjustment caused revisions in the council's giving estimates for 1990 and 1991.

The council's estimates for total corporate giving in 1991 are also based on responses of 410 major companies to an annual survey of conducted by the CFAE and the Conference Board and other surveys.

The distribution of corporate grant dollars changed very little. Education once again captured the largest share, receiving $782.9-billion, or almost 40 per cent. Elementary and secondary schools got the biggest increase: $316-million, or 14 per cent of gifts all to education, up from 10 per cent in 1990.

A separate report on corporate contributions by the Taft Group showed that International Business Machines Corporation, for many years America's top corporate donor, dropped its giving substantially. IBM gave $134-million in 1991, down from $148-million the year before. That was still far more than the amount given by any other corporation in 1991. Giving by three other top corporate donors also dropped: The Ford Motor Company gave $35.5-million, down from $44-million in 1990; Digital Equipment Corporation gave $31-million, down from $37-million; and Procter & Gamble Company gave $32-million, down from $36-million.

On the other hand, giving by some of America's most profitable companies soared in 1991, the Taft report said. Philip Morris's giving jumped to $71.5-million, up from $46.3-million; Merck & Company gave $53.6-million, up from $28.4-million; and the Gannett Company gave $36.6-million, up from an estimated $26.3-million in 1990.

Copies of "Corporate Support of Education, 1991" will be available in late October for $10 each, prepaid, from the Council for Aid to Education, 51 Madison Avenue, Suite 2200, New York 10010.

Copies of the 1993 edition of the *Corporate Giving Directory* can be ordered for $327 by calling Taft at (800) 877-8238.

—ANNE LOWREY BAILEY

Top Company Givers

(dollar figures in millions)

	1990	1991	Percentage change
IBM	$148.0	$134.4	– 9.2
Philip Morris	46.3	71.5	+ 54.4
Hewlett-Packard	76.5	71.0	– 7.2
General Motors	65.5	61.0	– 6.9
Exxon	54.8	59.2	+ 8.0
AT&T	56.0	59.1	+ 5.5
General Electric	48.4	59.0	+ 21.9
Merck	28.4	53.6	+ 88.4
Johnson & Johnson	41.1	48.5	+ 18.0
Gannett	26.3	36.6	+ 39.2

SOURCE: The Taft Group

Corporate Philanthropy in 1991

National Trends

	Contributions to all causes			Contributions to education			Percentage distribution		
Year	Reported to IRS[1]	Estimated total contribution	Percentage of pre-tax net income	Total	Percentage of pre-tax net income	Percentage of total contribution	Higher education	Pre-college education	Education-related organizations
1981	$2,514,000,000	$2,668,000,000	1.17%	$1,014,000,000	0.44%	38%	69%	4%	27%
1982	2,906,000,000	3,188,000,000	1.81	1,243,000,000	0.71	39	69	4	27
1983	3,627,000,000	3,674,000,000	1.74	1,396,000,000	0.66	38	70	5	25
1984	4,057,000,000	4,325,000,000	1.80	1,643,000,000	0.68	38	71	5	24
1985	4,472,000,000	4,819,000,000	2.14	1,880,000,000	0.84	39	72	6	22
1986	5,180,000,000	5,119,000,000	2.35	2,048,000,000	0.94	40	72	6	22
1987	4,980,000,000	5,490,000,000	1.91	2,141,000,000	0.74	39	72	7	21
1988[2]	4,893,000,000	5,625,000,000	1.62	2,194,000,000	0.63	39	72	9	19
1989[2]	4,893,000,000	5,764,000,000	1.68	2,306,000,000	0.67	40	72	10	18
1990[2]	4,950,000,000	5,868,000,000	1.65	2,347,000,000	0.66	40	72	11	17
1991	5,200,000,000	6,000,000,000	1.79	2,432,000,000	0.73	40	70	13	17

[1] Estimates by Council for Aid to Education

[2] Some figures for year revised from 1990 report

Where Corporate Contributions Go

(dollar figures in millions)

	1987 325 companies		1988 356 companies		1989 333 companies		1990 339 companies		1991 410 companies	
Education	$610.1	36.8%	$615.1	38.2%	$705.3	41.3%	$773.4	41.0%	$782.9	39.6%
Health and human services	450.5	27.2	480.9	29.9	480.2	28.1	569.7	30.2	607.6	30.7
Civic and community activities	236.1	14.2	212.7	13.2	255.7	15.0	248.2	13.1	253.3	12.8
Culture and art	178.6	10.8	183.7	11.4	203.1	11.9	238.2	12.6	265.3	13.4
Other	182.9	11.0	116.1	7.2	64.0	3.7	58.4	3.1	67.1	3.4
Total allocated	**1,658.2**		**1,608.4**		**1,708.3**		**1,887.9**		**1,976.2**	
Unallocated	**0**		**37.3**		**111.8**		**203.7**		**272.5**	
Grand total	**$1,658.2**		**$1,645.7**		**$1,820.1**		**$2,091.6**		**$2,248.7**	

Notes: Totals may not add due to rounding. A single $90-million property gift to Other inflates Other's Percentage of Grand Total in 1987

Corporate Support of Education by Purpose

	1991 405 companies Amount	% of total
Colleges and universities		
Unrestricted operating, capital, departmental, research, student-aid grants, and grants via consortia	$334,444,000	51.7%
Matching gifts*	124,465,000	19.2
Total colleges and universities	458,909,000	70.9
Pre-college education		
Public and private school support and other	84,040,000	13.0
Matching gifts*	8,740,000	1.4
Total pre-college education	92,781,000	14.3
Other educational programs		
Education-related organizations	56,298,000	8.7
Scholarships and fellowships	39,100,000	6.0
Total other educational programs	95,398,000	14.7
Total allocated	**$647,088,000**	
Total unallocated	**$135,813,000**	
Grand total	**$782,901,000**	

* Estimates based on Council matching gift surveys

What Companies Give

Total Contributions

(dollar figures in millions)

	1990		1991	
	Amount	% of total	Amount	% of total
Cash	$1,830.7	88.5%	$1,869.1	83.8%
Securities	0.3	0.0	6.8	0.3
Company products	186.8	9.0	310.4	13.9
Other property	51.7	2.5	45.0	2.0

Contributions to Education

(dollar figures in millions)

	1990		1991	
	Amount	% of total	Amount	% of total
Cash	$667.7	86.9%	$674.0	87.1%
Securities	0.1	0.0	4.6	0.6
Company products	67.7	8.8	88.0	11.4
Other property	33.0	4.3	7.1	0.9

SOURCE: Council for Aid to Education

FUND RAISING

Trends and Ideas

A $200-Million Drive to Help Cities

Group seeks private funds for low-cost housing, economic development, and other projects to revitalize urban areas

By ANNE LOWREY BAILEY

THE Local Initiatives Support Corporation last week announced a drive to raise $200-million in private donations to revitalize inner-city neighborhoods.

The campaign is one of the most ambitious private fund-raising efforts undertaken to date on behalf of low-cost housing.

Some of the donors who contributed to the campaign before it was publicly announced say that the drive has taken on added urgency because of concerns raised about conditions in America's inner cities in the wake of the riots in Los Angeles last spring.

The Pew Charitable Trusts, for example, recently gave $2-million to LISC, a national group that both awards grants and acts as investment banker to a growing number of community-development corporations—neighborhood groups that work to revitalize their home communities.

LISC helps those corporations put together complex financial deals, which often benefit from government subsidies, to build low-cost housing, commercial real estate, and other projects designed to revitalize blighted inner-city neighborhoods in 30 cities around the country.

Created by the Ford Foundation

"In the wake of the L.A. riots, I am concerned that, in the search for new solutions to the urban crisis, we not overlook the community-development corporations and organizations like LISC who are already out there and have been working at the problem for years," said Michael Rubinger, Pew's associate executive director.

The Ford Foundation created LISC in 1979 and has made the group a centerpiece of its efforts to eradicate urban poverty in America. Ford has invested about $60-million in LISC to date. After the federal government began setting aside low-cost-housing tax credits for such groups in 1986, LISC took off. This year the group expects to make more than $250-million in grants, low-interest loans, and equity financing for inner-city revitalization projects, up from $6.5-million in 1985. That money has helped to finance 40,000 units of housing for over 1.3 million people.

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BRIDGEPORT NEIGHBORHOOD FUND INC.

The Local Initiatives Support Corporation helps start groups like the Bridgeport, Conn., Neighborhood Fund, which financed the renovation of this house.

Other organizations involved in low-cost housing are engaged in much less ambitious campaigns than the one announced by LISC last week. In 1989, the Enterprise Foundation, another national low-cost-housing group founded by the developer James Rouse, began a $50-million drive that has raised $33-million so far.

$108-Million Already Pledged

LISC announced its campaign with $108-million pledged. Ninety-four per cent of that money has come from corporations and foundations, rather than individual donors. The money is to be used for five main purposes:

- ► Expansion of LISC's permanent capital fund, so that the organization can lend more money for low-cost housing.
- ► Creation of a new commercial equity fund that can be used to finance retail projects, such as supermarkets, that experts say are often absent from low-income neighborhoods.
- ► Training and technical assistance for local community-development groups.
- ► Advocacy efforts aimed at persuading federal, state, and local governments to do more to encourage the development of low-cost housing and revitalize poor areas.
- ► General operating support for LISC.

Officials of LISC said that when they were planning the campaign last year they were worried about starting such a large drive in the middle of a recession. But after the Los Angeles riots, many donors had a heightened sense of crisis in the inner city, and fund raising for the campaign picked up speed, according to Patricia Foley, LISC's senior vice-president for external affairs.

University of Michigan Joins Ranks of Institutions Seeking $1-Billion

By VINCE STEHLE

THE UNIVERSITY OF MICHIGAN has announced a five-year, $1-billion capital campaign, the biggest fund-raising effort ever undertaken by a public university. So far, Michigan has raised nearly $350-million toward its goal.

Although Michigan is the first public institution to seek $1-billion, several private universities are also trying to raise that much. Stanford University this year became the first institution to raise more than $1-billion: It brought in $1.25-billion in a five-year campaign.

The Michigan drive is far more ambitious than any of the institution's previous campaigns. Its most recent campaign, completed in 1987, brought in $187-million. The goal for the current drive is more than twice as large as the biggest campaign ever completed by a public university, an Ohio State University campaign that raised $460-million before it ended in 1990.

Criticism of Big Campaigns

Fund raisers say that it is difficult to compare capital campaigns, since institutions use a variety of methods to count how much they have raised. At Michigan, planners hope to get $850-million in cash and pledges and $150-million through promised bequests. To date, the university has raised $292-million in cash and pledges and more than $50-million in bequest pledges. Many institutions do not include bequest pledges in campaign totals because it is uncertain when—and if—such pledges will be fulfilled.

The campaign announcement comes at a time when several prominent fund raisers have called for an end to mammoth fund-raising drives. The president of the Council for Advancement and Support of Education, Peter McE. Buchanan, warned in a speech at the council's annual meeting in July that large campaigns can be misleading and alienating, especially when institutions raising large sums of money face financial hardship. He said that students, faculty members, and donors could

Continued on Page 32

Status of Billion-Dollar Campaigns

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Yale U. (Conn.)	May 1992	1997	$1,500,000,000	$618,000,000
Cornell U. (N.Y.)	Oct. 1990	Dec. 1995	1,250,000,000	705,000,000
United Jewish Appeal–Federation of Jewish Philanthropies of New York City	Oct. 1989	Dec. 1994	1,200,000,000	708,000,000
Columbia U. (N.Y.)	Sept. 1990	Dec. 1995	1,150,000,000	605,928,632
Stanford U. (Cal.)*	Feb. 1987	Feb. 1992	1,100,000,000	1,255,000,000
New York U.	Sept. 1984	Jan. 2000	1,000,000,000	751,600,000
U. of Pennsylvania	Oct. 1989	Oct. 1994	1,000,000,000	846,939,388
U. of Michigan	Sept. 1992	June 1997	1,000,000,000	292,279,468

* Campaign completed

U. of Michigan Announces Drive to Raise $1-Billion in 5 Years

Continued from Page 31

be confused and angry when universities have to cut costs to avoid deficits at the same time they announce they have raised big amounts.

"The large amount of money that we announce has been raised at the end of the campaign often doesn't square with reality," said Mr. Buchanan.

But a Michigan official said that "mega-campaigns" are here to stay.

"I don't think they are over at all," said M. Joseph Roberson, executive director of the university's campaign. "To the contrary, I think it's going to be an escalating game. Like it or not, large campaigns help to put a focus on fund raising, and that is very important."

Plans to Tap Alumni

Michigan officials said that the university has had to pursue private funds more aggressively because government support for higher education has not kept pace with rising costs. "We're really kind of young in the fund-raising business," observed Mr. Roberson. "We have a huge alumni network that we haven't tapped before."

Currently, six other institutions, including five universities and a major Jewish federation, are attempting to raise $1-billion or more.

Other Public Campaigns

Harvard University is planning a campaign many fund raisers believe will exceed $2-billion, but university officials say the fund-raising drive has been delayed until the 1993-94 academic year.

Other public institutions are expected to announce large campaigns as well, including the University of California at Berkeley and the University of Illinois. Officials at both universities said that, while their forthcoming campaigns could exceed $1-billion, no goals have been set yet.

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Alpena Community College (Mich.)	March 1991	Sept. 1992	$1,500,000	$1,500,000
Barton College (N.C.)	Sept. 1992	Sept. 1997	10,000,000	4,000,000
Case Western Reserve U. (Ohio)	Fall 1989	Fall 1994	350,000,000	276,900,000
Clemson U. (S.C.)	July 1987	June 1992	62,000,000	101,100,000
Delaware County Community College (Pa.)	June 1992	June 1994	1,500,000	369,000
Hope College (Mich.)	Jan. 1992	June 1994	50,000,000	34,500,000
Independence School (Del.)	July 1992	Aug. 1995	3,000,000	1,150,000
Institute of American Indian Arts Museum (N.M.)	June 1992	Dec. 1993	4,900,000	4,016,000
John Carroll U. (Ohio)	June 1990	Dec. 1995	40,000,000	19,000,000
Local Initiatives Support Corporation (N.Y.)	Sept. 1992	Jan. 1995	200,000,000	108,000,000
Mount Auburn Hospital (Mass.)	Apr. 1989	June 1992	10,000,000	10,700,000
Southeast Missouri State U.	Sept. 1990	June 1992	25,000,000	28,568,394
St. Bonaventure U. (N.Y.)	Nov. 1988	June 1992	25,000,000	25,777,913
Susquehanna U. (Pa.)	March 1988	June 1992	22,000,000	34,000,000
Sweet Briar College (Va.)	Sept. 1992	June 1994	35,000,000	25,348,426
U. of Washington	June 1987	June 1992	250,000,000	284,000,000
Wake Forest U. (N.C.)	July 1989	Dec. 1995	150,000,000	115,000,000
Xavier U. (Ohio)	May 1989	Aug. 1992	30,000,000	31,497,103

Congress Passes Bill to Slash Non-Profit Postal Subsidies, Freeze Rates

By HOLLY HALL

WASHINGTON

Federal spending on non-profit postal subsidies would be slashed dramatically under a bill Congress sent to President Bush for approval last week.

Although such a move would normally result in big postage-rate increases for non-profits, the measure would prohibit the Postal Service from raising those rates throughout fiscal 1993, which began October 1.

The spending bill would provide $122-million for postal subsidies, far short of the $482-million the Postal Service said it would need to pay for delivering non-profit mail without raising rates. The Postal Service received $470-million in subsidies in fiscal 1992.

President Bush is expected to sign the legislation, which was included in a comprehensive measure to provide federal money for a broad array of programs.

Both the Senate and House of Representatives originally approved bills that would have allocated $200-million for postal subsidies. However, during negotiations to reconcile the spending bills, lawmakers cut that amount by $78-million because President Bush threatened to veto the entire measure, saying it called for too large an increase in federal spending.

Because the compromise measure prohibited an increase in non-profits rates in 1993, the Postal Service said it would later have to recover money it lost on delivering non-profit mail by increasing postal rates that apply to everybody—individuals, businesses, and non-profits. That would be good news for non-profits: If an increase is spread among all mailers, rates for non-profits would not go up as much as they would if non-profits had to bear the entire burden of making up the shortfall.

Congress passed the year-long freeze on non-profit rates to give non-profits, the Postal Service, and lawmakers a chance to come up with a way to revamp the system for providing non-profit subsidies. House and Senate members say they want to find a way to make sure that non-profits are protected from sharp increases in rates.

Even though lawmakers protected non-profits from postage increases this year, the long-range forecast for non-profit mail subsidies remains cloudy at best unless a new subsidy system is developed soon. The Postal Service has said that it will need $612.5-million to pay for non-profit mail during fiscal 1994, but Congress is not likely to provide nearly that much, both because of the federal budget deficit and because legislators have said they think the subsidy mechanism now in place needs to be replaced.

Said Neil Denton, executive director of the Alliance of Nonprofit Mailers: "The mathematics do not favor the non-profit community."

IN BRIEF: Fund Raising

Poll Finds Public Ill-Informed About United Way Aid

Most Americans don't have accurate information about how many charities receive financial support from the nation's 2,100 United Ways, according to a survey released last week by the Gallup Organization.

Ninety-two per cent of the respondents either said they didn't know how many charities United Way supports or overstated the amount.

The typical respondent estimated that 36 per cent of the nation's charities receive support from United Way, according to the survey conducted for National/United Service Agencies, an on-the-job fund-raising federation that competes with United Way.

In fact, only 7 per cent of the nation's non-religious charities are supported by United Ways, according to National/United Service Agencies.

Slightly more than one-third of American workers are given an opportunity to participate in on-the-job charity drives, according to the survey.

The poll's margin of error is plus or minus 3 percentage points.

For a free summary of the survey results, contact Don Sodo, National/United Service Agencies, 12701 Fair Lakes Circle, Suite 370, Fairfax, Va. 22033; (800) 458-9505.

Easter Seal Society Ejects S.C. Affiliate

The National Easter Seal Society has severed ties with its South Carolina affiliate over a fund-raising dispute.

The South Carolina group has for years refused to hold a telethon to raise money. But in 1984 the national organization voted to require all of its affiliates to hold one. Until earlier this year, the national society had allowed the state group to ignore the rule. But in March, the national organization's board of directors gave the South Carolina group an ultimatum: Hold a telethon by August or leave the society. South Carolina did not hold a telethon, so it was ousted and was forced to change its name.

It is now known as Life Abilities–South Carolina Society for Children and Adults with Disabilities.

Officials of Life Abilities said that they believed that telethons were not a cost-effective fund-raising technique for their group and that they could find better use for the $80,000 they estimated a telethon would cost.

"We're not against telethons," said Herman Shealy, executive director of the Life Abilities group. "We're just against mandating them."

Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

November 1991	8.6%
December	8.6
January 1992	8.2
February	7.6
March	8.0
April	8.4
May	8.6
June	8.4
July	8.2
August	7.8
September	7.2
October	7.0

SOURCE: PG Calc Inc.

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Three-Fourths of Non-Profit Chiefs Earn Less Than $76,000, Survey Finds

By **JENNIFER MOORE**

Three out of four chief executives of non-profits make less than $76,000, according to a new survey.

One-fourth of the chief executives surveyed earn less than $34,000, according to the report, which was prepared by Abbott, Langer & Associates, an Illinois consulting firm.

The survey was based on 1992 salary information from 2,128 non-profit organizations of all types and sizes, including trade and professional associations as well as charities. It found that the median salary for top executives in 1992 is $51,000, meaning that half earn more and half earn less.

1992 Median Salaries at Non-Profits

Chief legal officer	$70,551
Director of government relations	55,350
Director of engineering or technical research	54,151
Chief executive officer	51,000
Chief financial officer	48,000
Publisher	47,567
Director of marketing	43,736
Planned-giving manager	42,683
Director of development	40,530
Director of management-information systems or data processing	39,807
Director of communications	39,408
Field-staff director	39,400
Director of education	39,000
Corporate- or foundation-grants manager	38,838
Director of statistics	38,220
Director of chapter relations	36,874
Controller	36,656
Curator	36,608
Director of public relations	35,896
Artistic director	35,178
Treasurer	$34,870
Director of program services	34,300
Director of member or client services	34,000
Director of information	33,100
Annual-fund manager	32,361
Grant-proposal-writing manager	30,382
Program manager	29,166
Special-events fund-raising manager	27,838
Donor-research manager	27,800
Direct-mail or telemarketing manager	26,554
Senior account clerk	23,940
Secretary to the CEO	23,563
Director of volunteers	23,000
Membership- or client-records manager	22,500
Caseworker	21,617
Payroll clerk	20,814
Counselor	19,772
Secretary	19,300
Clerk-typist	15,910
File clerk	13,742

Median Compensation of Chief Executives

By Type of Organization	
Advocacy/consumer	$45,595
Aging/senior citizen	39,656
Artistic/cultural/literary	45,000
Athletic/recreational/social	52,437
Chambers of commerce/associations of commerce and industry	28,250
Charitable organizations	49,000
Civic/social service	50,000
Community development	39,000
Day care	36,000
Economic development	52,204
Education	77,547
Employment/training	57,832
Foundations	71,000
Health-related/mental health-related	60,077
Housing/shelter	40,550
Professional societies	58,300
Religious	60,000
Research/scientific/testing	112,008
Social welfare	53,375
Trade associations	55,000
United Way/Community Chests	50,000
Workshop for disabled	55,128
Youth	44,000

By Size of Organization's Budget	
Under $250,000	$30,000
$250,000-499,999	42,500
$500,000-999,999	51,000
$1,000,000-2,499,999	59,758
$2,500,000-4,999,999	71,033
$5,000,000-9,999,999	82,326
$10,000,000-24,999,999	105,611
$25 000,000 or more	120,000

By Region	
Northeastern states	$60,000
Southern states	52,844
Midwestern states	50,000
North Central states	42,800
Southwestern states	42,952
Mountain states	41,080
Pacific states	53,277

Median Compensation of Development Directors

By Type of Organization	
Artistic/cultural/literary	$41,000
Civic/social service	40,000
Education	50,000
Foundations	49,493
Health-related/mental health-related	38,500
Housing/shelter	31,500
Professional societies	50,100
Religious	40,000
Social welfare	38,912
United Way/Community Chests	36,000

By Size of Organization's Budget	
$500,000-$999,999	$31,000
$1,000,000-2,499,999	37,206
$2,500,000-4,999,999	40,500
$5,000,000-9,999,999	40,915
$10,000,000-24,999,999	50,107
$25,000,000 or more	64,100

By Region	
Northeastern states	$45,006
Southern states	40,000
Midwestern states	40,000
North Central states	36,000
Southwestern states	38,025
Pacific states	49,750

SOURCE: Abbott, Langer & Associates

Not surprisingly, the bigger the organization, the higher the pay. At the largest non-profits—those with budgets of $25-million or more—the median salary for a chief executive is $120,000, compared to just $30,000 at groups with budgets under $250,000.

Another recent study on compensation at the largest non-profits—including health and welfare groups, educational institutions, and trade associations—reported similar findings. According to a survey by the consulting firm Towers Perrin, chief executives earned a median salary of $135,000 (*The Chronicle*, September 8).

The 843-page Abbott, Langer & Associates report, "Compensation in Nonprofit Organizations, 5th Edition," also noted vastly different salaries for different types of organizations. For example, chief executives of research or scientific organizations had the highest median salary, $112,008, while those at community-development groups earn a median salary of $39,000.

Comparisons Skewed

Steven Langer, who conducted the survey, cautioned against comparing his group's 1992 figures with those from its 1991 study, saying such comparisons would be skewed by the large increase in the number of participants—up from 1,655 groups in 1991. He added that on average, the 1992 survey also included more large organizations.

This year's report found that non-profits in Northeastern and Pacific states pay their chief executive officers the most, while incomes in the Mountain states are the lowest. Chief executives in New York City are paid the most, with a median salary of $91,734.

At the largest non-profits—those with budgets of $25-million or more—the median salary for a chief executive is $120,000.

The survey found that chief legal officers make more than any other type of non-profit official, including chief executives. The median salary for chief legal officers is $70,551. The reason the salary is so much higher than the median for chief executives is that relatively few organizations, most of them big non-profits, employ their own legal counsel.

Median salaries for fund-raising positions include:

► $42,683 for people in charge of planned-giving programs.

► $40,530 for directors of development.

► $38,838 for fund raisers who solicit corporate or foundation grants.

► $30,382 for grant-proposal-writing managers.

► $32,361 for people who oversee annual funds.

► $27,838 for special-events managers.

► $27,800 for people in charge of conducting research on prospective donors.

► $26,554 for direct-mail or telemarketing managers.

More Jobs Included

For the first time the report also included salary information on jobs other than those related to administration and fund raising. For example, the survey found that artistic directors' median salary is $35,178; program managers, $29,166; and caseworkers, $21,617.

Copies of the report can be ordered from Abbott, Langer & Associates, 548 First Street, Crete, Ill. 60417; (708) 672-4200. It is divided into two parts: Volume One covers professional societies and trade associations and costs $135; Volume Two covers charities and costs $150. The two-volume set can be purchased for $225.

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ECONOMY'S LEGACY: A BIG DROP IN GIVING

The average household donation fell by one-fifth over 2 years; but more and more young people and blacks are contributing

By KRISTIN A. GOSS

WASHINGTON

THE NATION'S SLUGGISH ECONOMY caused the typical American household to reduce its contribution to charity by nearly one-fifth from 1989 to 1991, according to results of a national survey released last week.

Even so, an overwhelming majority of people believe that the work done by non-profits is more important now than it used to be, according to the poll, which was commissioned by Independent Sector, a coalition of charities and grant makers.

In what it bills as the first in-depth look at national giving and volunteering during a recession, the organization has confirmed what many non-profits already knew: that fund raising has become a herculean task. But the news is not all bad: Giving by blacks and young people appears to be on the rise, and the most-generous contributors have not flagged much in their commitment to charities.

The third in a series of biennial surveys, "Giving and Volunteering in the United States, 1992" found that from 1989 through 1991:

► The average contribution by the American households surveyed, including those that gave nothing to charity, dropped by 19.5 per cent after inflation. Among those households, the average contribution last year was $649, compared with $734 in 1989.

Counting only those households that gave to charity, the average gift in 1991 was $899, down from $978 two years earlier—a 16-per-cent inflation-adjusted drop.

Both decreases were far more than the 7-per-cent dip, after inflation, in average household income from 1989 to 1991. If families had given the $734 average contribution last year that they gave in 1989, charities would be about $8-billion richer.

► Fewer households contributed to charity last year, even though the total number grew by 700,000 from 1989 to 1991. Last year, 69 million households made a contribution, down from 71 million two years earlier.

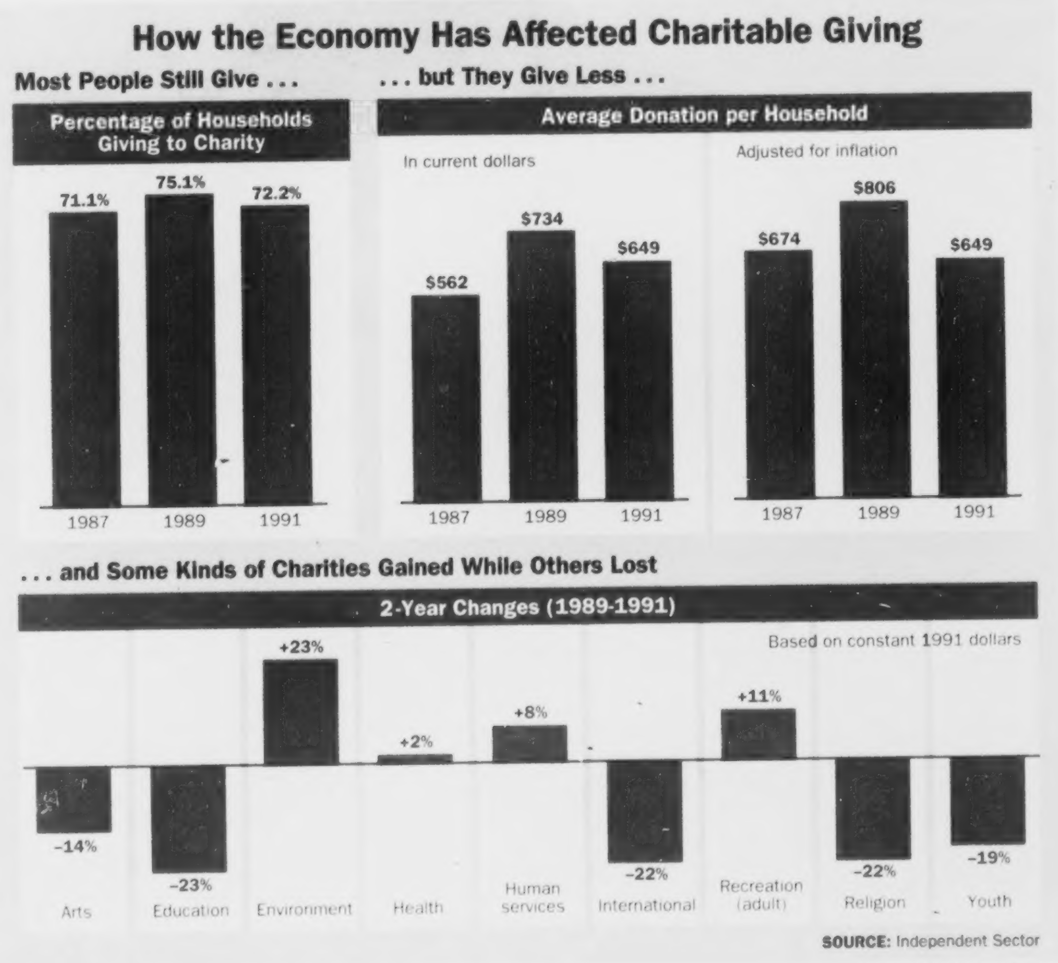
Of those who gave nothing to charity, the most common reason was that they couldn't afford to do so, which was cited by more than 6 in 10 non-givers.

► Twenty per cent of American households reported giving less to charity in 1991 than in the previous year; 14 per cent said they had given more.

► People who donate their time regularly to charities gave 440 million fewer hours last year than they had given in 1989.

The survey, conducted by the Gallup Organization, was based on information from a representative

Continued on Page 15


How the Economy Has Affected Charitable Giving

SOURCE: Independent Sector

CHRONICLE CHART BY [illegible]

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SAM KITTNER, FOR THE CHRONICLE

Healing Apartheid's Scars
Joy and Herbert Kaiser (*above*) have raised millions to help train more non-white physicians and other health-care workers in South Africa. Story on Page 6.

Post-Election Surge
Non-profits of differing political persuasions see a surge in fund raising if the Democrats win next month's Presidential election. Story on Page 25.

A complete guide to this issue appears on Page 3.

Public Attitudes Toward Giving and Volunteering

Overall, is the amount of money you and the members of your family or household gave to charity in the past year about the same as you usually give, or was it a larger or smaller amount?

	1989	1991
About the same	62.9%	56.3%
Larger amount	18.6	14.0
Smaller amount	12.4	20.0
Not sure	6.1	9.7

Was there any particular reason you gave more money to charity in the past year?

I made more money last year	38.2%
I received more requests for contributions	32.9
I wanted to/had more desire to	7.8
Need has increased	7.5
I just began working last year	4.1
My awareness/involvement increased	3.2
Other	9.8
Don't know/no answer	1.0

Was there any particular reason you gave less money to charity in the past year?

I made less money last year	54.2%
I became sick/had high medical bills	16.9
I was laid off or lost my job	12.2
Another member of my family lost his/her job	9.2
I was caring for sick relatives/family members	8.8
I received fewer requests	8.8
I moved to a new location	6.9
I was worried about losing my job	4.9
I had more bills/inflation	4.1
Lack of trust in organizations	2.1
Retired	1.2
Other	8.6
Don't know/no answer	1.3

Are there any organizations that you and the members of your family or household stopped giving to this year?

Yes	16.7%
No	81.2

Which types of organizations did you stop giving to?

Arts, culture, and humanities	5.6%
Education	5.9
Environment	12.1
Health	18.1
Human services	38.2
International, foreign	6.7
Private and community foundations	3.4
Public and societal benefit	10.9
Recreation—adults	3.6
Religion	14.7
Youth development	2.8
Other	4.2

Which of the following reasons describe why you stopped giving to an organization?

Lack of money	25.4%
Lack of trust in organization	24.0
Misuse of funds	16.7
Disagree with/don't hold the same beliefs	7.3
Poor fund-raising tactics/pestering me	6.4
Gave to another organization	4.7
Other	17.0
Don't know/no answer	4.1

In the past year, have you and the members of your family or household given contributions to any organizations to which you had not given before?

Yes	14.7%
No	82.7

Which types of organizations did you give to for the first time?

Arts, culture, and humanities	6.4%
Education	9.1
Environment	15.9
Health	22.7
Human services	20.5
International, foreign	5.4
Private and community foundations	1.8
Public and societal benefit	10.6
Recreation—adults	2.6
Religion	13.9
Youth development	6.8
Other	2.4

All in all, are you and the members of your family or household giving as much money to religious charities as you think you should be giving?

Yes	49.1%
No	37.2
Don't know/no answer	13.7

All in all, are you and the members of your family or household giving as much money to other than religious charities as you think you should be giving?

Yes	48.8%
No	36.0
Don't know/no answer	15.2

Compared with other people like yourself, do you think you and the members of your family or household are currently giving more, less, or about the same amount to charity?

More	11.6%
Less	22.9
About the same	48.3
Not sure/no answer	17.2

Compared with three years ago, would you say you spend more, fewer, or about the same number of hours on volunteer work today as you did three years ago?

Same	29.0%
More	32.4
Fewer	21.1
Don't know/no answer	17.5

In which, if any, of these areas have you done some volunteer work in the past twelve months?

Arts, culture, and humanities	6.2%
Education	15.4
Environment	8.6
Health	12.9
Human services	12.1
Informal	23.4
International, foreign	2.3
Political organizations	4.7
Private and community foundations	2.3
Public and societal benefit	6.4
Recreation—adults	6.7
Religious organizations	26.8
Work-related organizations	7.1
Youth development	14.7
Other	2.7

In which areas, if any, have you done any fund raising or collected money in the past twelve months?

Arts, culture, and humanities	1.4%
Education	4.9
Environment	1.8
Health	5.8
Human services	4.5
International, foreign	0.5
Political organizations	0.9
Private and community foundations	0.4
Public and societal benefit	1.8
Recreation—adults	1.1
Religious organizations	7.5
Work-related organizations	1.5
Youth development	5.5
Other	0.4

Which of these reasons best describes why you haven't been a volunteer?

Personal schedule too full	45.8%
No interest	23.9
No one asked	16.0
Time too valuable/I've done enough	11.1
Health reasons	10.6
Age	8.3
Unable to honor commitment	6.4
Other	20.9
Don't know/no answer	8.2

Have you left a bequest to a charitable or religious organization?*

Yes	12.0%
No	85.8

Have you ever considered a planned gift?

Yes	8.1%
No	88.5

* Percentages are of the 36.1 per cent of respondents who had made a will

Views on Charitable Organizations

	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
Charitable organizations are more effective now in providing services than five years ago	10.5%	45.4%	26.8%	4.2%	13.2%
The need for charitable organizations is greater now than five years ago	37.3	50.3	7.4	1.2	3.9
Most charitable organizations are honest and ethical in their use of donated funds	7.8	58.1	22.3	5.0	6.8
I place a low degree of trust in charitable organizations	6.6	29.4	48.8	10.1	5.2
Most charitable organizations are wasteful in their use of funds	7.5	27.8	47.2	9.3	8.2
On the whole, I believe that my donation is put to an appropriate use when I give to a charitable organization	12.3	61.2	14.4	3.7	8.4
On the whole, charitable organizations do not do a very good job in helping those who need help	6.5	22.2	53.2	10.7	7.4
Generally, charitable organizations play a major role in making our communities better places to live	12.6	60.2	18.2	2.6	6.3
Generally, charitable organizations make very little difference in dealing with major problems	5.5	29.0	47.7	9.8	7.9

Levels of Confidence in Institutions

Rank	A great deal	Quite a lot	Some	Very little	Can't say
1. Private higher education	14.2%	35.1%	33.7%	10.1%	6.8%
1. The military	14.8	34.5	33.6	14.4	2.7
3. Youth development and recreation	13.1	34.5	35.5	11.6	5.3
4. Religious organizations	17.5	29.7	35.5	14.6	2.6
5. Public higher education	11.8	35.0	38.1	11.9	3.2
6. Small businesses	10.4	35.2	42.7	8.3	3.4
7. Private elementary or secondary education	13.0	31.4	36.2	12.8	6.6
8. Public elementary or secondary education	12.1	31.1	39.0	15.6	2.2
9. Health	15.4	25.0	39.7	16.1	3.7
10. Environment	11.3	27.8	40.6	17.0	3.4
11. Human services	8.9	28.3	45.3	13.6	3.9
12. Arts, culture, and humanities	7.7	25.6	42.3	16.5	7.9
13. Federated charitable appeals, such as United Way	7.4	24.0	35.2	28.6	4.7
14. Recreation—adults	6.2	23.2	46.9	15.3	8.4
15. Work-related organizations	5.9	22.0	47.2	18.0	6.9
16. Public/societal benefit (such as civil-rights, social-justice, or community-improvement organizations)	7.4	19.9	46.4	21.9	4.4
17. Private and community foundations	4.6	22.6	47.8	16.5	8.5
17. News media	5.5	21.7	46.0	25.4	1.3
19. Local government	4.6	19.4	46.5	27.3	2.2
20. Organized labor	6.0	17.6	40.0	31.9	4.5
21. International/foreign (such as cultural-exchange or relief organizations)	4.4	17.0	41.8	27.1	9.6
22. Organizations that lobby for a cause	4.3	15.9	41.6	31.8	6.5
23. State government	3.7	15.3	45.3	33.6	2.0
24. Major corporations	4.3	14.2	46.9	29.9	4.7
25. Federal government	4.1	14.0	42.8	37.2	1.9
26. Political organizations (such as Republican or Democratic Parties)	3.7	10.0	36.5	46.5	3.3
27. Congress	3.1	9.9	36.1	48.1	2.7

Note: Institutions are ranked according to the total of those who agreed "a great deal" and "quite a lot."

How Church Membership Affects Giving

	1987		1989		1991	
	Members	Non-members	Members	Non-members	Members	Non-members
Contributed in past year	79%	55%	80%	63%	78%	58%
Contributed to religion only	22	7	14	6	13	6
Contributed to other charities only	9	36	13	43	14	37
Contributed to both religion and other charities	48	12	53	15	52	15
Did not contribute in past year	16	39	20	37	22	42
No answer	6	6	—	—	—	—

SOURCE: Independent Sector

The Economy's Legacy: a Big Drop in Giving

Continued from Page 1

sample of 2,671 adults who were interviewed in their homes in April and May of this year. The survey has an error rate of plus or minus 3 percentage points.

The sample did not include families with an income over $200,000 because they constitute fewer than 1 per cent of American households. But those are the people who tend to make major gifts to charities, so the average household-contribution figure might have been significantly higher if wealthy people had been included, said Virginia Hodgkinson, Independent Sector's vice-president for research.

The survey's finding that the average household contribution had dropped by 19.5 per cent in the last two years was at odds with an estimate in *Giving USA*, the annual report on philanthropy, which was released in June (*The Chronicle*, June 30). That report, which bases individual giving largely on a mathematical model, estimated that the total contributions by individuals had increased by 0.5 per cent, in inflation-adjusted terms, between 1989 and 1991. Ms. Hodgkinson, who is also an adviser to *Giving USA*, said that that report was based on predictions about giving, rather than on real data, and that mathematical models tended to be less reliable in times of economic upheaval.

Many Keep Giving

While the Independent Sector survey provided data to support anecdotal evidence that charities are being hit hard by the nation's economic woes, officials said it also showed that the vast majority of donors were not abandoning their philanthropic commitments.

Even the significant number of Americans who had grave concerns about losing a job or not being able to maintain their standard of living still managed to find money for charity, the survey found, although they gave a smaller percentage of their income than did those without such worries.

► Twenty-eight per cent of the respondents said they had become financially worse off over the past year, but 66 per cent of those people contributed to charity anyway.

► The percentage of households—8.7 per cent—that gave away at least 5 per cent of their income was about the same last year as in 1987 and 1989. Ms. Hodgkinson said that meant that, even in a recession, "generous givers still give generously."

► Over all, 72 per cent of the households surveyed contributed to charity last year. That was down from 75 per cent in 1989, but a figure that Independent Sector found encouraging. Brian O'Connell, the group's president, said the survey proved that there was "a large core of Americans that view support of charitable activities as an essential responsibility in all economic times."

Indeed, the survey findings showed that large numbers of people—nearly nine in ten of those polled—said charities were needed more now than five years ago. Only seven in ten people thought so four years ago.

What's more, a similarly striking majority—nearly three out of four—believed that charities played a major role in making communities better places to live.

Although the survey found a mostly positive attitude toward charities, a significant portion of the American population had doubts.

Among the findings:

► Thirty-one per cent of those surveyed believed that charities were not more effective today than they were five years ago.

► Thirty-four per cent said charities "make very little difference in dealing with major problems."

► Thirty-six per cent had a "low degree of trust" in charities, compared to 28 per cent in the 1990 survey. More than one in three people interviewed this year thought charities were wasteful, and more than one in four thought that groups were not "honest and ethical" in their use of money. The portion of the population with such concerns rose significantly from the 1990 levels. Those are attitudes that tend to determine people's willingness to give, Ms. Hodgkinson said.

She noted that people's confidence in charities could have been shaken by the controversy over spending and management practices at United Way of America, which was drawing headlines at the time the survey interviews were being conducted. The survey found that only 31 per cent of people who were polled had "quite a lot" or "a great deal" of confidence in federated campaigns such as United Way, compared to 52 per cent in the 1990 survey.

Volunteering Dips Slightly

The recession seems to have had less of an impact on people's willingness to give time to charitable endeavors than it had on their willingness to give money. Still, the survey detected some bad news for organizations that rely heavily on volunteers. It found that 51 per cent of Americans gave their time to volunteer activities, a 3-percentage-point drop from 1989. That drop is not statistically significant.

That figure includes both "formal" volunteering—giving a specified number of hours per week to organized charities—and "informal" volunteering—such as baking cookies for a school fair or helping a charity on an *ad hoc* basis. The vast majority of informal volunteering consists of aid to organized charities, Ms. Hodgkinson said.

If just formal volunteering is considered, Americans last year gave 15.24 billion hours to charities, down from 15.68 billion in 1989.

The percentage of the population that volunteered regularly for charities may also have dropped. Such volunteers were 48.5 per cent of the population last year, down from 51.2 per cent in 1989, according to Ms. Hodgkinson. That drop is within the statistical margin of error.

Meanwhile, the average number of hours that a volunteer gave both formally and informally per week increased slightly last year, to 4.2, compared to 4 in 1989.

Some people were significantly more likely to volunteer last year than in the past. They included blacks, people 18 to 24 years old, and single persons.

People who were less likely to volunteer included people 25 to 34 years old; those with household incomes of $30,000 to $39,999; those who were widowed, divorced, or separated; and those who were employed part time.

But even among people who gave generous amounts of time to charitable endeavors, the survey found skepticism about whether large-scale volunteering would have much impact. Just one in four active volunteers strongly agreed that "if we all volunteer time and effort, problems like poverty and hopelessness can be overcome."

By contrast, 84 per cent of those surveyed—both volunteers and non-volunteers—said that "to bring relief to needy people requires, first and foremost, changes in social and economic policies."

Shifting Priorities

As donors seek ways to improve social conditions, some appear to be shifting some of their charitable giving to causes they think have been neglected.

Groups devoted to the environment, human services, public or social benefit (such as civil rights and community development), and health appeared to gain a larger share of donors' total contributions last year over 1987. Meanwhile, the arts, educational institutions, religious groups, and international organizations lost ground.

Among households that contributed to charity, the average gift to various types of groups varied widely. The average gift to reli-

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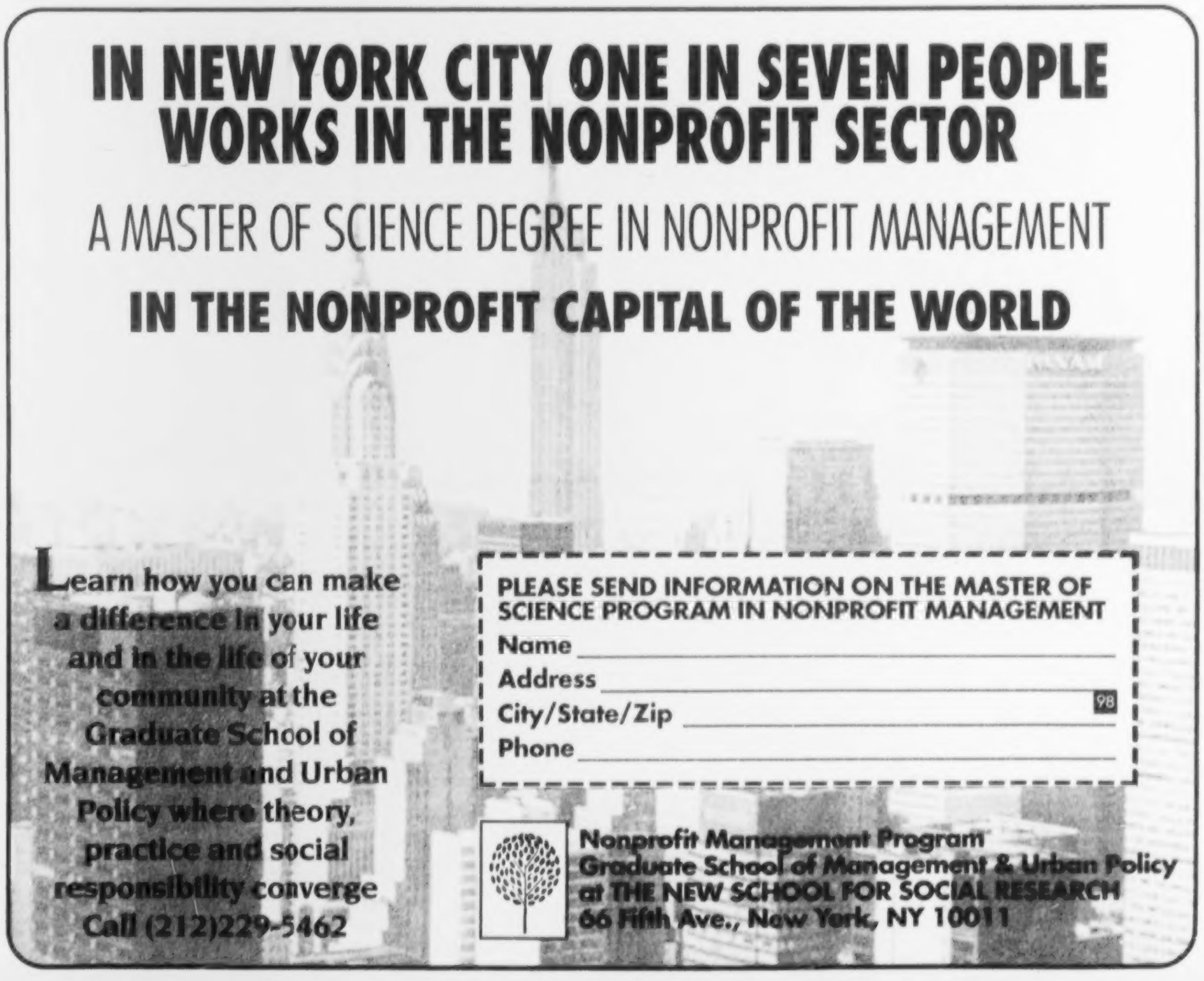
Giving to Charity

	1987	1989	1991
All households			
Percentage who gave to charity	71.1%	75.1%	72.2%
Contributions in current dollars	$562	$734	$649
Contributions in constant dollars	$674	$806	$649
Percentage of household income	1.5%	2.0%	1.7%
Households that give to charity			
Contributions in current dollars	$790	$978	$899
Contributions in constant dollars	$947	$1,074	$899
Percentage of household income	1.9%	2.5%	2.2%

SOURCE: Independent Sector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Average Household Donation to Charity Fell by One-Fifth Over 2 Years

Continued from Page 15

gious organizations was $800, down from $896 in 1989. The average gift to health organizations was $154, up from $143; to educational institutions, $225, down from $291; and to international organizations, $198, down from $202. Environmental groups received the smallest average gift ($99) but posted a 12-per-cent gain over 1989.

Financial worries appeared to have a big impact on people's willingness to support charities. More than half of all people who gave away less last year said their contributions had decreased because their incomes had decreased from 1990 levels. Twelve per cent of those who gave less said they had done so because they had lost their jobs.

For all households, including those that gave nothing, charitable contributions averaged cent of annual income. For households that gave something to charity, contributions averaged 2.2 per cent of yearly income. Both numbers represented a drop of three-tenths of a percentage point from 1989.

Giving by Hispanics Drops

Among the contributors who gave a markedly smaller share of their annual income to charity last year: people between the ages of 55 and 74, those with household incomes of $30,000 to $39,999, and those with incomes of $75,000 to $99,999.

At the same time, the percentage of Hispanics who contributed to charity dropped to 53 per cent, from 62 per cent in 1989. For all Hispanic households, the average charitable donation increased to $314 from $297 in 1989.

Contrary to the national trend, some groups of people showed gains in the rate of giving:

► Black families, while still less likely than others to contribute to charity, are catching up to national averages. Last year 64 per cent made a donation, up from 61 per cent two years earlier.

► The proportion of young people—those 18 to 24 years old—who gave to charity increased to 58 per

Who Gave to Charity and How Much They Gave

	Percentage who gave to charity		Average contribution donated to charity by contributing households		Percentage of income donated to charity by contributing households	
	1989	1991	1989	1991	1989	1991
All	75.1%	72.2%	$978	$899	2.5%	2.2%
Sex						
Male	71.9	70.0	1,294	1,057	3.1	2.4
Female	78.1	74.2	683	763	1.8	2.0
Race						
White and other	76.7	73.2	1,010	925	2.5	2.2
Black	60.9	63.5	653	656	2.1	2.7
Hispanic*	62.2	53.1	478	591	1.5	2.1
Age						
18-24	53.9	58.4	484	233	1.2	0.8
25-34	70.0	67.4	893	629	2.1	1.5
35-44	86.3	77.1	956	1,135	2.2	2.4
45-54	78.6	77.2	1,098	1,243	2.3	2.4
55-64	79.9	79.0	1,420	1,228	3.6	2.9
65-74	78.8	76.3	1,070	891	4.4	3.2
75 and over	76.7	70.3	696	710	3.2	3.2
Income						
Under $10,000	49.0	45.6	379	239	5.5	3.6
$10,000-$19,999	65.1	64.0	485	507	3.2	3.4
$20,000-$29,999	76.9	73.1	728	617	2.9	2.5
$30,000-$39,999	81.9	77.2	894	640	2.6	1.8
$40,000-$49,999	84.5	82.7	831	1,038	1.8	2.3
$50,000-$74,999	85.5	85.1	1,096	1,230	1.8	2.0
$75,000-$99,999	92.1	87.9	2,793	1,666	3.2	1.9
$100,000 and above	86.8	91.1	2,893	2,450	2.9	2.5
Religion						
Catholic	77.0	75.8	670	758	1.6	1.7
Protestant	77.2	73.8	1,090	1,014	2.9	2.7
Other	78.9	74.0	1,589	1,078	3.9	2.7
None	51.7	56.6	453	401	1.0	0.9
Marital status						
Married	79.7	78.9	1,132	1,046	2.6	2.3
Single	60.8	59.4	654	545	1.7	1.7
Divorced, separated, or widowed	72.8	61.4	592	574	2.6	1.9
Employment status						
Employed	77.3	75.5	1,097	987	2.4	2.0
Full-time	76.4	75.0	1,163	993	2.5	2.0
Part-time	81.6	78.0	806	960	2.0	2.4
Not employed	70.3	61.8	734	631	2.5	2.0
Retired	78.0	73.2	663	957	3.1	3.6
Education						
High-school graduate or less	67.1	60.9	865	618	2.8	2.1
Technical, trade school, or some college	81.4	82.5	936	909	2.2	2.1
College graduate	88.8	89.6	1,264	1,401	2.4	2.4

* Hispanics may be of any race

Giving to Different Kinds of Charities

	Percentage who gave			Average contribution for all households				
	1987	1989	1991	1987	1989	1991	2-year change	4-year change
Arts, culture, and humanities	8.0%	9.6%	9.4%	$21	$19	$18	-14%	-27%
Education	15.1	19.1	21.1	44	56	47	-23	-11
Environment	10.8	13.4	16.3	9	12	16	+23	+45
Health	23.9	32.4	32.9	31	46	51	+ 2	+38
Human services	23.9	23.0	27.5	50	60	71	+ 8	+18
International/foreign	4.2	4.2	3.5	12	8	7	-22	-50
Private and community foundations	4.8	6.4	6.0	7	7	7	-13	-12
Public and societal benefit	6.5	11.2	11.2	10	13	15	+ 7	+25
Recreation—adults	—	6.2	6.3	—	8	10	+11	—
Religious organizations	52.5	53.2	51.3	375	477	410	-22	-9
Youth development	18.5	21.6	22.1	16	28	25	-19	+32
Other	1.3	3.0	2.8	10	6	7	0	-42

Differences Between Generous Donors and People Who Don't Give to Charity

	Percentage of generous donors*	Percentage of non-donors
Average age	51	42
Attend church at least once or twice a month	84.3%	34.2%
Personally saw someone they admired helping others when they were young	65.9	26.8
Itemize on their federal income-tax return	57.3	22.7
Indicated that meeting religious beliefs or commitments was a major personal motivation for giving and volunteering	69.4	25.3
Some college education (or more)	55.5	21.2
Doing something for a cause that is important was a very important reason for volunteering	61.1	32.8
Strongly agreed that, on the whole, charitable organizations do not do a very good job in helping those who need help	22.2	39.2
A very important reason for volunteering was that they thought volunteer experience would look good on their resume	14.2	26.8
Chose making financial contributions to charities, religious, or community organizations or other charitable institutions as a major personal goal	62.0	30.5
Were helped in the past by others	57.9	34.3
Belonged to a youth group or something similar when they were young	60.8	28.2
A strongly held view is that they felt a moral duty to help people who suffer	30.3	15.2
A major wage-earner in their household losing a job was an economic concern	20.2	25.3

* Those who give more than 3 per cent of their household income

Differences Between Generous Volunteers and People Who Don't Volunteer

	Percentage of generous volunteers*	Percentage of non-volunteers
Average household income	$46,098	$32,546
Some college education (or more)	60.7%	26.2%
A very important reason for volunteering was that they feel it is important to help others	75.5	39.8
Attend church at least once or twice a month	71.6	41.4
Personally saw someone they admired helping others when they were young	63.0	32.6
Belonged to a youth group or something similar when they were young	65.9	35.2
Chose to do something for a cause that is important to them as a very important reason for volunteering	68.0	34.6
Said a strongly held view was that if we all volunteer time and effort, social problems like poverty and hopelessness can be overcome	24.5	10.7
Strongly agreed with the statement that individuals can do little to alleviate suffering in the world	18.5	39.0
Said maintaining their current standard of living was an economic concern	33.6	45.0
Did some kind of volunteer work when they were young	60.9	29.1
Said a very important reason for volunteering was that they could explore their own strengths	63.5	43.8
Chose protecting/improving the environment as a major goal to accomplish from giving and volunteering	53.9	46.3
Said a very important reason for volunteering was that they could make new contacts that might help their business or career	41.7	46.8
Chose changing the way society works as a major goal to accomplish from giving and volunteering	50.5	34.1

* Those who volunteer four or more hours per week

SOURCE: Independent Sector

cent in 1991, a 4-percentage-point rise. But Independent Sector cautioned that data for this age group should be viewed as less reliable than information for other age groups.

Several types of donors gave a greater share of their income to charity last year than in 1989. Those groups included women (who gave 2 per cent, compared to 1.8 per cent in 1989), blacks (2.7 per cent, compared to 2.1 per cent), Hispanics (2.1 per cent, up from 1.5 per cent) and households that made $40,000 to $49,999 yearly (2.3 per cent, up from 1.8 per cent).

Poor families were far less likely to give to charity than wealthy families, the survey found. But when poor families did contribute, they gave a greater share of their income than did their wealthier counterparts. The survey found that contributing households with incomes of less than $10,000 gave 3.6 per cent of their incomes to charity while contributing families that earned at least $100,000 gave 2.5 per cent.

Influences on Donors

As in the past, the report identified several factors that appear to influence whether a person will give—and give generously.

Among them:

Volunteering. People whose households gave money but who did not volunteer reported an average contribution of $477. Those that both gave money and volunteered contributed an average of $1,155.

Income-tax deductions. The report said that while being able to deduct charitable contributions from federal income taxes might not propel a donor to make a gift, it could increase the size of the contribution. Under federal law, people who do not itemize deductions on their income-tax returns cannot claim a charitable deduction. Those who intended to claim a charitable deduction gave a larger share of their income than those who did not itemize.

Religion. Two-thirds of people who were members of religious congregations gave to secular charities, compared to just over half of non-members. Those who attended church services at some point over the previous year gave 2.1 per cent of their household income to charity—presumably some of it to their religious congregations—compared to 0.6 per cent of household income donated by people who did not attend church.

Being asked. People who are asked to contribute are more than twice as likely to do so as those who are not solicited. Similarly, people who were asked to volunteer their time were more than three times as likely to do so as those who were not asked.

The report of the survey said that having "positive experiences" with giving, volunteering, and civic activities when one is young is the most important predictor of a person's philanthropy as an adult.

For example, among those who, as children, had done some volunteer work or raised money door to door for a cause, 86 per cent contributed to charity as adults and nearly 70 per cent volunteered. Among those who had belonged to a youth group, 84 per cent gave as adults and 66 per cent volunteered.

"This shows how important it is to get young people involved in youth organizations, student government, and with good adult role models," Ms. Hodgkinson said.

Other factors tied to generosity included whether the donor had seen someone he or she admired helping others and whether the donor had "been helped by others in the past."

Ways to Increase Giving

Independent Sector said that the study contained hints as to how giving and volunteering "can be measurably increased."

Among the findings most instructive to charities:

Bequests. More than four in ten contributors surveyed said they had prepared a will, but just 13 per cent of those said they had included a bequest to charity. Just 8 per cent of all people surveyed had considered making a planned gift, such as a bequest or a contribution that gives benefits to the donor while he or she is alive.

Inadequate solicitations. The survey found that of people who were asked to give money, 85 per cent did, compared to just 36 per cent of those who were not asked. Of those who were asked to volunteer, 86 per cent did, compared to just 24 per cent who were not asked.

The survey found that young people, single people, and members of minority groups were among the least likely to be asked to give money or time to charity. Yet those are the groups that appeared to buck recessionary pressures and increase their giving or volunteering last year.

Blacks, unmarried people, and people 18 to 24, for example, posted among the sharpest increases in the percentage who volunteered. Young people were the only age group that showed an increase in the percentage of contributors. Blacks who contributed to charity gave a higher share of their household income to charity than white donors did.

Yet between one-third and nearly one-half of people in the three categories said they had not been solicited for charitable donations, according to the survey.

Philanthropic goals. When asked how much money or time they should contribute to charity, nearly half said they did not know, didn't answer, or said "It depends." The survey also found that many people had contributed less money or time than they thought they should. Independent Sector—which has an advertising campaign urging people to give five hours a week and 5 per cent of their income to charity—said the findings suggested that people needed such goals to increase their philanthropic activity.

A copy of the report may be obtained from Independent Sector, 1828 L Street, N.W., Suite 1200, Washington 20036; (202) 223-8100. The cost, prepaid, is $21 for members and $30 for non-members, plus $2.50 for shipping.

1993 RESEARCH PRIZE ANNOUNCEMENT

The 1993 Staley/Robeson/Ryan/St. Lawrence Prize for Research on Fund-Raising and Philanthropy presented by The National Society of Fund Raising Executives (NSFRE)

CALL FOR SUBMISSIONS OR NOMINATIONS

Authors of published research works on fund-raising and philanthropy are invited to submit books, monographs or substantive articles for the 1993 Staley/Robeson/Ryan/St. Lawrence Prize for Research on Fund-Raising and Philanthropy. Other individuals or organizations may submit nominations of appropriate publications. To be considered for the Prize, works must be published by a commercial publishing house or a professional organization between December 1, 1991, and November 31, 1992. Publications must be based on either applied or basic research. The Prize Jury will not consider unpublished theses or dissertations, op-ed pieces, editorials, or opinion articles. Works published by NSFRE are not eligible for consideration.

The Prize winner will receive a $2,000 cash award and be introduced at a session of the NSFRE International Conference on Fund Raising in Atlanta, Georgia, on March 2, 1993.

Criteria for judging submissions are: Substantive contribution to knowledge and understanding of fund-raising and/or philanthropic behavior; relevant insights for donors, grant makers or fund-raisers; creativity and depth of analysis; and quality of style, readability and format.

Submission form and six copies of the published work must be received by NSFRE by December 1, 1992. Copies of the submission form may be obtained from Cathlene Williams, NSFRE, 1101 King Street, Suite 700, Alexandria, VA 22314; phone (703) 684-0414; fax (703) 684-0540.

The Prize is made possible by an endowment from Staley/Robeson/Ryan/St. Lawrence to encourage advanced research that extends the knowledge of fund-raising and philanthropy.

6% of Americans Say They Have Bequests to Charity in Their Wills

By VINCE STEHLE

PITTSBURGH

As many non-profit groups place increased emphasis on obtaining planned gifts, more and more Americans have begun to include charity in their estate plans. And while the field of planned giving has become more sophisticated in recent years, potential abuses remain troublesome, said fund raisers gathered here last week for the annual meeting of the National Committee on Planned Giving.

Several experts expressed concern that charities were overpromising the financial benefits of planned gifts, which provide tax or other financial breaks to contributors. They said they feared this trend could lead to a crackdown by Congress and state and federal regulatory agencies.

Nearly 6 per cent of all Americans have promised a donation to charity as part of their wills, according to preliminary results of a new national study released here. The survey also found that 0.6 per cent of the country's households had made so-called life-income gifts, such as charitable remainder trusts, charitable gift annuities, and pooled-income funds.

Results of a national poll released by Independent Sector last week also shed light on the number of Americans who plan to leave money to charity when they die. More than four in ten contributors surveyed said they had prepared a will, but just 13 per cent of those said they had included a bequest to charity. Just one in ten had considered making a planned gift, according to the poll, conducted on behalf of the national organization that represents charities and foundations. (See story on Page 1.)

According to the planned-giving committee's survey, most bequests have been established recently. Two-thirds of all existing bequests have been established within the last five years, according to the study, based on responses from 60,000 households.

Some fund-raising experts believe that the growing number of bequests is due, in part, to the increasingly aggressive efforts of charities to seek planned gifts and an expansion of the number of groups seeking such donations.

"Non-profit groups have become much more active in planned giving, and many of them begin with bequests," said Scott R. Lumpkin, associate vice-chancellor at the University of Denver, and one of the people involved in conducting the survey.

And contrary to a common misconception that most bequests have been established primarily by elderly donors, the preliminary results showed that charitable bequests have been pledged by people of all ages. According to the study, of all charitable bequests, 22 per cent were established by people over 70 years old, 20 per cent were created by people between 60 and 69, 30 per cent from people between 45 to 59, and 28 per cent were set up by those under 45.

"Not all planned-giving donors are elderly," said Mr. Lumpkin, who is chairman of the planned-giving group's research committee. "Non-profit groups have to be very careful in designing planned-giving marketing strategies not to overlook younger givers."

Presenting Too Rosy a View

While many efforts to seek planned gifts are perfectly legitimate, some fund raisers said they were concerned that overly aggressive charities and financial advisers were giving potential donors an excessively rosy view of the financial benefits of giving to charity.

Why Donors Make Planned Gifts

Motivation	Life-income gifts[1]	Non-cash gifts[2]	Bequests
Desire to support charity	94.0%	92.1%	95.1%
Ultimate use of gift	79.2	67.0	74.0
Estate and financial-planning issues	54.2	29.9	21.2
Opportunities to enhance income	44.4	19.3	—
Lasting memorial for oneself or a loved one	44.4	36.5	28.4
Avoidance of tax of capital gains	43.8	46.4	10.6
Relationship with representative of charity	38.6	32.0	18.5
Encouragement of family or friends	31.0	24.0	12.3
Encouragement of legal or financial advisers	25.0	18.4	6.2

Ages of Donors

Age	Life-income gifts	Non-cash gifts	Bequests
Less than 45	31%	22%	28%
45-59	22	30	30
60-69	21	25	20
70 or older	26	23	22

[1] Includes donations that provide income to the donor, such as charitable-remainder trusts, charitable-gift annuities, and pooled-income funds.

[2] Includes gifts of property, art, etc.

SOURCE: National Committee on Planned Giving

Many tax experts warned that such abuses, if detected by the Internal Revenue Service or Congressional tax-writing committees, could lead to changes in federal tax laws and regulations that might make giving to charity less attractive. And in some cases, charities that promote planned gifts solely on the basis of financial benefits could run the risk of being treated as securities dealers, warned Robert F. Sharpe, Jr., a fund-raising consultant based in Memphis.

Although the Securities and Exchange Commission has long had regulations that explain how planned-giving programs must be run, changing economic conditions have made it more likely that charities could find themselves in conflict with securities regulators, Mr. Sharpe said. As interest rates have fallen, some planned-giving arrangements created several years ago have begun to pay lower rates of return, causing some donors to be upset. Mr. Sharpe said some of them have threatened legal action against charities.

If a donor can show that a charity's planned-gift marketing materials stressed only the financial benefits of the arrangement, and not the charitable aspects, and if the materials presented an unrealistically optimistic image of the gift's financial performance, the SEC could impose penalties upon the charity, he said.

The key to avoiding securities violations, said Mr. Sharpe, is to highlight the charitable component of any gift arrangement, and to provide the donor with all of the financial details of such contributions. "It's not so much what the trust says, it's what you say about the trust," said Mr. Sharpe.

Call for 'Self-Control'

Many tax experts said that, in pursuing donors, charities must balance the financial incentives allowed by the federal tax code and the philanthropic aspects of planned giving. "We ought to be careful not to reject people who do react to the tax-incentive effect of the charitable deduction," said Jerry McCoy, a Washington tax lawyer. "We just need a little self-control in this area."

Charities should not oversell the tax benefits of charity, he said. "The most obvious threat, and the one we hear the most about, is over-promotion of the tax benefits from charities."

Some planned-giving experts say that, in any event, donors are more concerned with the philanthropic cause than the tax considerations of charitable giving, a view that seems to be supported by the planned-giving group's survey. About 95 per cent of the people who have made some type of planned gift said they had done so because they felt it was important to support a charity.

"Non-profit groups have to be very careful in designing planned-giving marketing strategies not to overlook younger givers."

Conversely, only 44 per cent of the people who had established trusts or other income-producing arrangements said they had done so to avoid paying capital-gains taxes, and just 11 per cent of those who created bequests did so to avoid capital-gains taxes.

A full report of the study is expected by the end of the year. For more information, contact the National Committee on Planned Giving, Indiana University Center on Philanthropy, 550 West North Street, Suite 304, Indianapolis 46202-3162; (317) 269-6274.

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Not an Easy Year to Raise Money for United Way

Continued from Page 25

Fitzgerald, the acting human-resources supervisor, who quickly clears her computer screen as Ms. Lowery approaches.

Throughout Ms. Lowery's 10-minute presentation, Ms. Fitzgerald does not appear interested. She asks no questions. When asked for the name of Ishida's chief executive officer, she gives a vague reply. As Ms. Lowery prepares to leave, Ms. Fitzgerald says she will pass on the materials to her supervisors.

"That is a strikeout," says Ms. Lowery, as she gets into her car. "This girl was not even friendly. It will be a miracle if we get in there."

She notes that it's probably not worthwhile to spend much energy persuading Ms. Fitzgerald to listen to her. "You can talk to people like that all day long but you need a decision maker," Ms. Lowery says. "Gofers don't make decisions."

Payroll Deductions Encouraged

At companies that do agree to hold a drive, Ms. Lowery encourages them to hold a rally for workers so that United Way can show a video explaining how donations will be used and pledge cards can be distributed. She also tries to get companies to deduct donations for United Way from employees' paychecks. When employees can spread their donations throughout the year, they tend to give more than they do when they only have the option of making a one-time gift, United Way officials say.

Before she visits each company, Ms. Lowery reviews a file that includes the company's giving history, the breadth of campaigns it has held in the past, and the amount by which its employees can realistically expect to increase giving. For businesses that haven't participated in the campaign previously, she looks carefully at news articles for details about the company's chief executive officer, the type of product or service the company sells, and any expansion plans.

Job Can Be Frustrating

The day of a campaign coordinator can often be long and frustrating. One recent Wednesday, Ms. Lowery appeared at a 7 a.m. campaign kickoff to encourage contributions from workers at Hadley Auto Transport in Haslet, a Fort Worth suburb.

The company, which trucks cars to automobile dealers, has 42 employees. The kickoff got off to a bad start when one of the company's truckers demanded to know the salary of Elaine L. Chao, who will take over as president of United Way of America next month, and 'went downhill from there," says Harry J. Sholl, the company's terminal supervisor.

The workers at Hadley weren't happy to hear Ms. Chao's annual salary: $195,000. When the 20 drivers who attended the rally turned in their pledge cards, not one gave any money to United Way. One

TAX WATCH

IRS Provides Explicit Advice on Money Raised by Bingo

FOR THE FIRST TIME, the Internal Revenue Service has publicly stated the share of bingo revenues that a non-profit should generally spend on good works to qualify as a charitable organization.

In a ruling on a charitable-bingo operation last year (Technical Advice Memorandum 9132005), the IRS said a non-profit that derives all of its income from a commercial enterprise is entitled to a tax exemption when it carries on, through contributions and grants to other groups, a charitable program commensurate in scope with its financial resources. The service did not define the spending level that would be required.

But the IRS sheds some light on the matter in a recent letter sent by its national office granting an exemption to a charity in Texas. "What constitutes a commensurate amount depends on all the facts and circumstances," the service said. "With bingo fund-raisers, an amount in excess of 15 percent of gross receipts is usually considered to be commensurate" (Temple City High School Bingo, Doc. 92-6136).

Use of this "commensurate test" has been an issue in a legal battle between the United Cancer Council, an Indianapolis non-profit, and the IRS that is now pending in U.S. Tax Court. The revenue service revoked the cancer council's exemption in 1990 in part because the IRS said the charity had flunked the commensurate test.

Cal. Court Won't Review Y's Property Exemption

THE CALIFORNIA Supreme Court has decided not to review lower-court rulings that upheld the property-tax exemption of a YMCA recreation center in downtown Oakland. As is customary, the court did not offer a reason for its decision not to take the case.

A group of private health-club owners, Clubs of California for Fair Competition, had contended that the Y had been given an unfair advantage over private clubs in the area.

C. Keith Miller, president and chief executive officer of the YMCA of the East Bay, said the California Supreme Court's action was a victory for all Y's in the state that might face similar challenges. "The court is sending out a message: Don't bother us with this issue any more," he said.

Last summer the California Court of Appeals upheld the Y's exemption, saying that county and state authorities had "properly determined that the New Oakland YMCA serves valid charitable purposes, benefiting the community as a whole, which qualify it for the charitable property tax exemption."

IRS Reports Increase in Number of Charities

THE NUMBER of organizations classified as charities under Section 501(c)(3) of the Internal Revenue Code rose by 5.4 per cent from 1990 to 1991, according to a new report from the IRS.

In 1991, 516,554 charities were registered, the revenue service said, compared to 489,891 in 1990. (See chart below.)

The government publication, "Internal Revenue Service Annual Report 1991," may be obtained for $3.75 from the Government Printing Office, Superintendent of Documents, Washington 20402.

High Court Declines Case on Revoking Tax Exemption

THE SUPREME COURT has declined to review lower-court rulings that upheld the IRS's revocation of the tax-exempt status of a religious group.

The revenue service in 1968 granted tax-exempt status to United Missionary Aviation, which was founded in Texas. In its application, the group said that it was formed to spread the Gospel and that it would provide airplane transportation for Christian missionaries.

In 1980, the IRS pulled the exemption of United Missionary Aviation, retroactively to 1974, after deciding the charity's purpose had become largely commercial—running a mail-order sales business. The group lost appeals in the U.S. Tax Court and the U.S. Court of Appeals for the Eighth Circuit before asking the Supreme Court to review the case.

In documents submitted to the Court, the IRS said United Missionary Aviation had sold its only airplane in 1969. By 1974, the revenue service said, the charity was operating a division that sold audiotapes of religious speeches, as well as blank tapes and other electronic equipment like cassette players and radios.

The IRS said the non-profit advertised its inventory in a lengthy catalogue, less than 20 per cent of which was devoted to religious materials.

United Missionary Aviation argued that it had never abandoned its primary purpose of Christian evangelism. "Pre-recorded cassette tapes proved to be ideal substitutes for missionaries and local preachers in certain applications," the organization said in documents filed with the Supreme Court. United Missionary Aviation charged that the lower courts had ignored its true charitable purpose and had mistakenly held that its "profitable *activities* have somehow become its *purpose*."

As is customary when the Supreme Court refuses to review a case, it did not give a reason for its decision (*United Missionary Aviation* v. *Commissioner of Internal Revenue*, 91-1743). —GRANT WILLIAMS

Tax-Exempt Organizations Registered With the IRS

	Applications				Organizations registered	
	Approved	Denied	Other[1]	Total	1990	1991
Section 501(c):						
(1) Corporations organized under act of Congress	0	0	0	0	9	9
(2) Titleholding corporations	174	1	78	253	6,278	6,408
(3) Religious, charitable, etc	31,233	542	8,859	40,634	489,891[2]	516,554[2]
(4) Social welfare	2,063	48	677	2,788	142,473	142,811
(5) Labor, agriculture organizations	492	5	80	577	71,653	72,009
(6) Business leagues	2,375	55	467	2,897	65,896	68,442
(7) Social and recreation clubs	1,140	36	535	1,711	62,723	63,922
(8) Fraternal beneficiary societies	13	2	19	34	100,321	98,840
(9) Voluntary employees' beneficiary associations	731	9	204	944	14,210	14,708
(10) Domestic fraternal beneficiary societies	37	2	36	75	18,350	18,360
(11) Teachers' retirement funds	0	0	0	0	10	10
(12) Benevolent life-insurance associations	132	2	71	205	5,873	5,984
(13) Cemetery companies	234	0	38	272	8,565	8,781
(14) State-chartered credit unions	4	0	0	4	6,352	6,219
(15) Mutual-insurance companies	5	2	6	13	1,137	1,147
(16) Corporations to finance crop operations	0	0	0	0	19	20
(17) Supplemental unemployment benefit trusts	9	0	5	14	667	644
(18) Employee-funded pension trusts	0	0	0	0	8	8
(19) War-veterans' organizations	122	0	34	156	27,460	27,962
(20) Legal-service organizations	3	0	15	18	197	206
(21) Black-lung trusts	1	0	1	2	22	23
(22) Multi-employer pension plans	0	0	0	0	0	0
(23) Veterans' associations founded prior to 1880	0	0	0	0	2	2
(24) Trusts described in section 4049 of ERISA	0	0	2	2	0	0
(25) Holding companies for pensions, etc.	0	0	15	15	107	181
501(d) Religious and apostolic organizations	**3**	**0**	**0**	**3**	**94**	**93**
501(e) Cooperative hospital service organizations	**0**	**0**	**0**	**0**	**76**	**72**
501(f) Cooperative service organizations of operating educational organizations	**0**	**0**	**0**	**0**	**1**	**1**
521 Farmers' cooperatives	**19**	**1**	[illegible]	**20**	**2,372**	**2,129**
Non-exempt charitable trusts[3]	**11**	**0**	**16**	**27**	**45,401**	**48,900**
National Office rulings and determinations letters				**3,502**		
Taxable farmers' cooperatives					3,276	3,219
Total	**38,801**	**705**	**11,158**	**54,166**	**1,073,443**	**1,107,664**

[1] Application withdrawn by taxpayer or failure to furnish required information.

[2] All section 501(c)(3) organizations are not included because certain organizations, such as churches, integrated auxiliaries, subordinate units, and convention or associations of churches need not apply for recognition of exemption unless they desire a ruling. Also, includes IRC 501 organizations.

[3] These organizations are not exempt organizations, but are taxable entities for which the I.R.S.'s Exempt Organizations division has program responsibility.

SOURCE: Internal Revenue Service